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SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

**January 11, 2005
Special Meeting**

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting
January 11, 2005

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AIRPORT COMMISSION MINUTES

January 11, 2005
Special Meeting

ORDER OF BUSINESS

A. CALL TO ORDER:

The special meeting of the Airport Commission was called to order at 9:05 AM in Room 400, City Hall San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns

Absent: Hon. Linda S. Crayton

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of December 21, 2004 were adopted unanimously.

No. 05-0001

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item Nos. 1 and 2 were put over without discussion.

1. West Field Cargo Area Redevelopment Project - Phase 1 Fiscal Feasibility Report

Resolution approving the Fiscal Feasibility Report on Phase 1 of the West Field Cargo Area Cargo Area Redevelopment Project and direct the Commission Secretary to request Board of Supervisor's approval of the Fiscal Feasibility Report.

2. Funding for Phase 1A of the West Field Cargo Project - \$26 Million

Resolution approving the budget of \$26 Million for Phase 1A and supplemental appropriation request of the West Field Cargo Project.

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Modification No. 1 to Contract No. 8235FR - Terminal 1 Food and Beverage Redevelopment Construction - Galliera, Inc., dba Trico Construction - \$4,244,749

No. 05-0002

Resolution approving Modification No. 1 to Contract No. 8235FR, Terminal 1 Food and Beverage Redevelopment Construction, with Galliera, Inc., dba Trico Construction, in the amount of \$4,244,749. The scope of Modification No. 1 to Contract 8235FR provides for unforeseen conditions, additional scope and Airport operational requirements associated with the implementation of the Airport's Domestic Terminal Redevelopment Program. Prior to authorizing work, each scope will be approved by the Capital Project Review Committee.

Mr. Ivar Satero, Deputy Director, Planning, Design and Construction, explained that the proposed are to maintain the schedule of the overall Food and Beverage Program. The modification provides for various unforeseen conditions encountered during the demolition of the food court sites in Terminals 1 and 3. It also accounts for numerous building deficiencies that we have run into as we have demolished the sites. We also found that it is necessary, in order to maintain schedule, to transfer scope that was originally going to be performed by in-house staff to this contractor to support the overall program schedule.

Some of the changes relate to temporary concessions. The modification also provides for constructing the sterile wall relocation at Boarding Area E which is being done at this time. It supports the food court opening at Boarding Area E and allows all of the secured side passengers access to that food court upon completion.

The proposed additional scope will allow us to keep on schedule. The contractor will maintain his base contract schedule and will continue to perform on schedule and within budget on the base work as well.

We had the first series of openings of in-line units in January. We will have another series of openings in March, with three food courts coming on line and the remainder coming on line in May before the Memorial Day weekend.

Funding for this modification will come from the Food and Beverage Program budget and other available capital fund sources. Trico Construction is a DBE certified firm. The HRC has reviewed and approved this modification. Trico will make all good faith efforts to engage other DBE subcontractors to perform this scope as well.

Commissioner Johns asked what is new, what is transferred from other monies, and what is unforeseen.

Mr. Satero responded that the unforeseen component is about \$1-million of the \$4.2 million modification. The remaining amount of \$3.2 million is added value to the Airport such as upgrades to the building, the secure wall relocations and scope transfers.

Commissioner Johns noted that the Commission approved the \$3,000,129 and this is an additional \$1.2 million. She asked what is new, what has been transferred from other monies and what is unforeseen.

Mr. Satero responded that the component of the unforeseen conditions is about \$1-million of the \$4.2 million modification. The remaining amount of \$3.2 million is "added value" such as upgrades to the building, the secure wall relocation and scope transfers.

Commissioner Johns asked if "added value" meant that we went into this project with an estimate and we now need an additional \$4.2 million on the same project because there were these various issues that were unforeseen.

Mr. Satero responded that about \$1-million of that amount is unforeseen.

Mr. Martin added that one way to look at it is the total budget for Food and Beverage construction compared to where we now think it will come in.

Mr. Satero said that the budget for construction is going to grow by \$4-million but it is because we transferred scope into the construction contract. That scope was covered elsewhere and funded elsewhere, but in order to support the overall program it's been moved into this construction program. The scope transfer was always part of the program; it's not new work.

The base building deficiencies is new work and is something we did not anticipate. But, again, that is upgrading the existing facility as well.

Commissioner Johns noted that of the six items delineated for the Commission as overages, the first was for \$960,000, and asked what the others were.

Mr. Satero responded that the others are the base building deficiencies (the condition of the HVAC system, and specifically the pneumatic controls, were nearing failure), existing equipment (rooftop units had to be removed from the path of construction), the scope transfers (we had anticipated that our own staff would be able to build the 28 shafts for the grease exhaust, conduit, ventilation but we moved that work to this

contractor in order to support the overall program), temporary facilities (it made a lot of sense when we started taking spaces out of commission to keep them limping along by providing a temporary walk-in refrigeration unit in order to keep concessions going at the hub.) We also did all of the barricading of the spaces; sterile wall construction was included in another contract but was moved to this contract so it fell in line with the opening of the Boarding Area E Food Court and allowed for better revenues upon its opening.

Commissioner Johns asked if these modifications will still keep us within our time line.

Mr. Satero responded that it will. In fact, we anticipate finishing ahead of schedule on a lot of the construction, including the in-line units and the Food Courts, and we will open just prior to the Memorial Day weekend. Originally, completion was scheduled for late June.

Commissioner Ito felt that the design review team was deficient in evaluating the concession build-out. She asked Mr. Satero how it was going to be corrected.

Mr. Satero responded that in the future we will do a better job up front on these significant remodels and the existing conditions. It did not seem like a problem when you looked at the spaces. It would have been appropriate if we had been more selective in demolishing areas to look into what was behind existing walls. The problem was that we had operating tenants at the time and it would have been difficult to go in and disrupt their operations. We expected a certain level of unforeseen conditions, but this was more than we anticipated.

Commissioner Strunsky asked if there was a contingency in the overall Food and Beverage budget. Have we eaten up the entire contingency? Are these funds being moved from an undefined contingency column to an actual brick and mortar column?

Mr. Satero said that the later is correct. In this contract we had small contingencies ... \$200,000 in owner allowances and that was obviously insufficient. The overall program will experience cost growth of about \$1.3 million of what have discussed as well as about another \$1.6 million that we hadn't originally budgeted which was the substantial cost of all of the furniture. We will return to the Commission in February with a proposed revised budget as well as share with the Commission our experience on revenues to date and how we anticipate these overruns will fit into the overall revenue scheme.

Commissioner Strunsky noted that it would be helpful if Mr. Satero compared the actual revenue streams from the concessions against what we budgeted for construction costs.

Mr. Satero responded that we are looking at trending about \$2-million more annually than we had originally anticipated.

Commissioner Strunsky noted that would be a 67% return on investment in the first year.

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Award of Contract No. 8381 - On-Call Environmental Remediation Services, Phase V Engineering/Remediation Resources Group, Inc. - \$3,274,853.92

No. 05-0003

Resolution awarding Airport Contract No. 8381, On-Call Environmental Remediation Services, Phase V to Engineering/Remediation Resources Group, Inc., in the amount of \$3,274,853.92.

Mr. Satero explained that this contract will provide as needed environmental remediation services in support of three upcoming critical projects ... the demolition of old Boarding Area A, the Police Training Facility, and the development of the West Field Cargo Facility, Phase 1A. The work will include asbestos abatement as well as soil and ground water remediation and off-haul disposal.

This contract approach will allow the Airport to respond quickly to contamination we discover as we begin construction of these facilities. We will be able to hold schedule on the major contracts even with significant discoveries of contamination. We used this method successfully under the Master Plan.

Only one bid was received for this contract, although we had 31 attendees at our pre-bid and site visit meetings, about six or seven of which were general contractors. We conducted a post-bid audit to determine why only one bid was received. The majority of the work is off-haul and disposal of Class 1 material which is about 70% of the work. There wasn't a lot of performed work under the contract and most of the work was subbed out so they bid other projects rather than ours.

This contractor is performing these services under Phase IV, which only had two bids.

The bid received for this contract was a good, competitive number. To determine if this contract should be re-bid we looked at other disposal opportunities for Class 1 material. There is only one site in California that accepts Class 1 contaminated soil. The other option is to haul it out of state which would add a 10% premium to the cost.

The local DBE subcontracting goal is 13%. The HRC reviewed and accepted the participation levels submitted by ERRG. Funding will come from operating funds. This is part of the Airport's overall cost recovery effort for remediation of contamination and we will pursue tenant cost recovery under this contract.

Commissioner Strunsky said that this is a budget of \$2,750,000 for a scope of work which includes a certain amount of off-hauling Class 1 material. If you extend the bidder's unit prices you come up with \$3,274,000, but the contractor won't be removing that much soil so you don't expect the actual out of pocket costs for the Airport to exceed the \$2,750,000.

Mr. Satero said that \$2,750,000 is the budget and staff was concerned when the bid was received. We went through and validated the estimated quantities on the contract and tried to refine whether the amount of off-haul would allow us to maintain budget. We confirmed that the amount of Class 1 off-haul is about 60% of what we anticipated so the number will fall well within budget. We also carried substantial owner allowances for a number of other items as well so the budget is well protected.

Commissioner Strunsky assumed that staff will not return to the Commission for additional money. In fact, staff is not expecting to spend more than \$2,750,000.

Mr. Satero agreed.

Item No. 5 was moved by Commissioner Ito and seconded by Commissioner Johns. The vote to approve was unanimous.

5. Request Approval to Enter into a Sole Source Contract with SFO Terminal Equipment Company (SFOTEC) for Certain Common Use Terminal Equipment (CUTE) - Maintenance Services - \$695,338

No. 05-0004

Resolution approving the contract with SFOTEC on a sole source basis for CUTE maintenance services consistent with prior reimbursement arrangements; the not-to-exceed amount of the contract is \$695,338 and the contract term is from January 1, 2005 through September 30, 2005.

Mr. Satero explained that this interim contract with SFOTEC will bridge the gap between the time their contract expired December 31, 2004 and September 2005. At that time this contract will be combined with another contract and a recommendation made to the Commission on the most appropriate contracting method for award ... RFP or sole source.

The International Terminal (I.T.) equipment maintained by SFOTEC through its subsuppliers is proprietary equipment. This contract will maintain the continuity of services from SFOTEC in this interim period. Over the next several months we will be working on the combined contract.

The proposed contract amount is \$695,338. This is a reimbursement contract for time and materials plus overhead and profit. The labor rates have all been negotiated. We monitor the work closely. Funding is provided from the operating fund.

HRC has reviewed the proposed contract and because of the proprietary nature of the software, determined that there isn't a component for DBE participation for this work.

Commissioner Strunsky asked how the system is doing and if we need to think about bringing the system up to date? He wanted to make sure that we stay on top of the technology available today.

Mr. Satero responded that we continue to do that with John Payne's efforts. There is also some clean-up of this contract that we will do such as certain components of the ticketing counters that we are spending a lot of time maintaining.

Mr. Martin added that we retain substantial power under this agreement but under the new agreement we will have greater power to require that changes and improvements be made when we feel appropriate. Staff will prepare a follow up report, working with ITT and the International Terminal Manager, on how the systems are working today and where we feel upgrades will be needed in the future.

- Item No. 6 was removed from the calendar without discussion.

6. Allocation of Funds within the AirLegal Budget Categories

* * *

E. CONSENT ITEMS OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 9 and 12 and 13, was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous. Item No. 10 was put over. Item No. 11 was removed from the calendar without discussion.

7. Request Approval to Expand the WiFi Network System in the International Terminal Complex - \$666,000

No. 05-0005

Resolution approving the expansion of the WiFi Network in the International Terminal Complex for an amount not to exceed \$666,000.

8. Request Approval to Enter into a Sole Source Contract with Alcatel to Provide After Hours Network Operations Center (NOC) and Help Desk Support Services - \$400,000

No. 05-0006

Resolution authorizing a Sole Source Contract with Alcatel USA to provide after hours Network Operations Center (NOC) and help desk support services from April 1, 2005 through June 30, 2006, in an amount not to exceed \$400,000.

9. Award of the Retail Vending Lease in the International Terminal - Zoom Systems, Inc. Minimum Annual Guarantee: \$31,000

Resolution awarding the Retail Vending Lease in the International Terminal to Zoom Systems, Inc., for a minimum annual guarantee of \$31,000 for the first lease year.

Item No. 10 was put over.

10. Award of Boarding Area "B" Casual Dining and Bar Lease - Domestic Terminals Food and Beverage Redevelopment Program - WSE Group, Inc.
Minimum Annual Guarantee: \$64,640

Resolution awarding the Boarding Area "B" Casual Dining and Bar Lease in the Domestic Terminals Food and Beverage Redevelopment Program to WSE Group, Inc. with a minimum annual guarantee of \$64,640.

Mr. Chuck Stinson, Seafood Bar and Grill, said that he was one of six qualified proposers for the space in question. The criteria for evaluation and selection is set forth in Rule 67.24E of the San Francisco Administrative Code. He learned that the evaluation process criteria A, B, C, D, E and F ... experience, financial strength, business plan, tenant product mix, construction operation, management plan, and design intent which have points totaling 100, and on which all proposers based their proposals ... was abandoned at the last moment and was not used in the selection process.

He submitted a copy of a letter to the Commission (see attached) which was faxed yesterday.

Mr. Leo Fermin, Deputy Director, Business and Finance, said that he was unaware of any last minute changes to the process. We followed the same process as was used for the original selection for the original slate of tenants. The criteria was kept the same. The same blue ribbon was used when we conducted the selection process and evaluation in the same manner as was done for the original slate of tenants.

Commissioner Mazzola asked Mr. Stinson if he was asking for some sort of relief on what he thinks are errors and omissions.

Mr. Stinson said that he learned of this yesterday when Mr. Vic Bartolome from the Airport called to let him know that he was not successful in his bid. He asked Mr. Bartolome what his score was and was told that there were no scores because the point system was thrown out at the last minute in favor of basing the selection on concept.

Mr. Stinson said that he wanted fairness for all of the proposers who relied on the rules and regulations for criteria selection.

Mr. Martin said that the Airport General Counsel advises that the Commission could act today and Mr. Stinson could file a formal protest. Mr. Martin said that there were, in fact, scores and he saw them.

Commissioner Mazzola asked if Mr. Stinson's letter is considered a protest or information.

Mr. Rob Maerz, Airport General Counsel, responded that Mr. Stinson's letter makes a request, under the Sunshine Ordinance, for the score sheets and the results of the panel. A protest letter typically includes the grounds of the protest and the basis upon which the protest is founded. That is not contained in this letter so this does not qualify as a protest.

Commissioner Strunsky asked how a protest can be made if the information is withheld.

Mr. Maerz responded that the information is not being withheld; he is just now requesting it.

Commissioner Strunsky said that Mr. Stinson asked for the information yesterday and it was denied him and he had that conversation within 24 hours of being informed that he was not the successful bidder. He felt this item should be held over to the next meeting.

Mr. Maerz said that the Sunshine Ordinance states that the results of the scoring are available after the scoring process is complete. That request can be honored. If Mr. Stinson feels that the scoring was done inappropriately then he can provide us with grounds for his protest, if he wished to protest. The staff and attorneys would then evaluate the protest and provide the Commission with a determination of its merits. You would have all of that prior to the Commission's decision to award.

Commissioner Mazzola told Mr. Stinson that this item was being put over and he would be provided with the results. If he decides to protest he will have to send a formal letter of protest stating his reasons.

Mr. Stinson appreciated the Commission's concern regarding this situation. He said that he was told that there were no scores and that is the issue. He wanted to know his score in relation to other proposers and was told more than once that there were no scores.

He said that he doesn't mind losing but he wants to make sure that the process was done in accordance with the rules and procedures for the criteria selection process.

Item No. 11 was removed from the calendar without discussion.

11. Authorization to Extend Smith, Dawson & Andrews Federal Legislative Advocacy Contract for 6 Months (January 1, 2005 through June 30, 2005) to Complete the Fiscal Year

Resolution approving a six-month extension (January 1, 2005 through June 30, 2005) of the Airport's federal legislative advocacy contract with Smith, Dawson & Andrews for an amount not to exceed \$52,000 (\$8,000/month, plus travel reimbursement) to complete the current fiscal year.

12. Authorization to Enter into a State Legislative Advocacy Contract with Edelstein and Gilbert for the Period from January 1, 2005 through June 30, 2005 - \$35,000

No. 05-0008

Resolution approving a state legislative advocacy contract with Edelstein and Gilbert for the period of January 1, 2005 through June 30, 2005 for an amount not to exceed \$37,500.

13. Exercise Third One Year Contract Extension Option to Pacific Park Management's Airport Employee Parking Facilities Contract

No. 0009

Resolution exercising the third one year contract extension option to extend Pacific Park Management's Airport Employee Parking Facilities contract from January 3, 2005 to January 2006.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Francisco Da Costa, Environmental Justice Advocacy, said that he was before the Commission in December and spoke about the first people of the area, the Muwekma Ohlone. At that time he requested the Commission look into this issue but no one got back to him.

Mr. DaCosta said that he is also the Director of Environmental Justice Advocacy and in that regard he monitors certain aspects of pollution in our area. He asked the Commission to create a task force to monitor pollution at the Airport. The Airport has combustible turbines. The January reports show excessive PM10s around the Airport. In these civilized times we should do everything in our power to eliminate pollution in and around the Airport. We should not focus on fossil fuels. Nothing has been done in a long time in this area.

He said that it is expensive and the entire industry was suffering but it is important to pay some consideration to our health.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:45 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled CCSF v Tutor-Saliba Corp, et al, U.S. District Court Case No. C02-5286 EDL; CCSF v. Factory Mutual Insurance Company, U.S. District Court, Northern District, Case No. 3:04-CV-05307-FMS; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:23 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:24 A.M.


Jean Caramatti
Commission Secretary

LAW OFFICES OF
ERIC MEWES

PHONE: (925) 934-5202

EMAIL: ericmewes@msn.com

FAX: (925) 934-5208

1218 ROSSMOOR PARKWAY • WALNUT CREEK, CA 94595

January 10, 2005

Set via fax (650) 821-5042

Larry Mazzola
President, San Francisco International Airport Commission
S.F. International Airport
San Francisco, CA 94128


Dear Mr. Mazzola:

I represent the Seafood Bar & Grill proposal (Charles E. Stinson) submitted October 14, 2004, concerning boarding area "B" casual area dining food and beverage lease.

This letter serves to notify you that Mr. Stinson as submitter of the above proposal believes there is a discrepancy, omission or other error in the evaluation and selection criteria in that the Airport Commission did not follow the selection criteria as set forth in the proposal requirements (section 2).

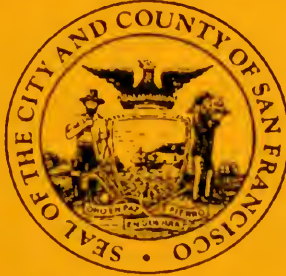
Mr. Stinson requests access to the scoring sheets and other selection documents as referenced in section I (b) & (c) of the proposal requirements. Further, Mr. Stinson requests a hearing before the Commission in order to have the discrepancies, errors and omissions considered prior to awarding of the concession referred to above. Finally, Mr. Stinson requests that such a hearing be held on 30 days notice in order to adequately prepare for the hearing.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Eric Mewes", followed by a long horizontal flourish line.

Eric Mewes, Esq.

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

February 1, 2005

9:00 A.M.

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**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
February 1, 2005

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AIRPORT COMMISSION MEETING MINUTES

February 1, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:03 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Michael S. Strunsky, Vice President
	Hon. Linda S. Crayton
	Hon. Caryl Ito
	Hon. Eleanor Johns

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of January 11, 2005 were adopted unanimously.

No. 05-0010

* * *

D. SPECIAL ITEMS:

Commissioner Crayton moved the nomination of Commissioner Mazzola as President and Commissioner Strunsky as Vice President. The motion was seconded by Commissioner Johns. The vote to approve was unanimous.

1. Election of Officers

No. 05-0011

Item Nos. 2 through 6 were called together. Item Nos. 2 through 6 were moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Retirement Resolution for Danilo Arcenal

No. 05-0012

Resolution thanking Danilo Arcenal, Laboratory Chemist, Facilities Operations and Maintenance, for 32 years of service with the City and County of San Francisco, 10 years of which were served at

the Airport, and wishing him best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director, said that Mr. Arcenal is retiring after 32 years with the City, 10 of which were served at SFO. Mr. Arcenal has demonstrated outstanding loyalty and dedication in providing optimum environmental controls for the proper treatment of wastewater.

3. Retirement Resolution for Jesus Balagtas

No. 05-0013 Resolution thanking Mr. Jesus Balagtas, Senior Account Clerk, Business and Finance, for 28 years of faithful service with the City and County of San Francisco.

Mr. Martin said that Mr. Balagtas is retiring after 28 years of service with the City, 23 years of which were spent at SFO. He has been a very dependable and conscientious employee.

4. Retirement Resolution for Mrs. Emily Wong

No. 05-0014 Resolution thanking Mrs. Emily Wong for 22 years of faithful service with the City and County of San Francisco, Airport Commission, and best wishes for a long and fruitful retirement.

Mr. Martin said that Mrs. Emily Wong is retiring after 22 years with the City, all of which have been with the Airport. Mrs. Wong has demonstrated great dedication and loyalty.

5. Retirement Resolution for Mrs. Janice Nghiem Luu

No. 05-0015 Resolution thanking Mrs. Janice Nghiem Luu, Airport Custodian, for 21 years of faithful service with the City and County of San Francisco, Airport Commission, and best wishes for a long and fruitful retirement.

Mr. Martin said that Mrs. Janice Nghiem Luu is retiring after 21 years with the City, all of which have been with the Airport. Mrs. Luu has done excellent work and she has been recognized by her managers as a good will ambassador among her co-workers.

6. Retirement Resolution for Mrs. Helen Au

No. 05-0016 Resolution thanking Mrs. Helen Au, Airport

Custodian, for 20 years of faithful service with the City and County of San Francisco, Airport Commission, and best wishes for a long and fruitful retirement.

Mr. Martin said that Mrs. Helen Au is retiring after 20 years of service with the City, all of which have been at SFO. She has demonstrated an exemplary work ethic.

Mr. Martin congratulated all of the retirees and wished them well in their retirement.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item Nos. 7 and 8 were called together. They were moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

7. West Field Cargo Area Redevelopment Project – Phase 1 Fiscal Feasibility Report

No. 05-0017

Resolution approving the Fiscal Feasibility Report on Phase 1 of the West Field Cargo Area Redevelopment Project and direct the Commission Secretary to request Board of Supervisors approval of the Fiscal Feasibility Report.

Mr. Leo Fermin, Deputy Director, Business and Finance, explained that Item No. 7 is in response to a new requirement in the Administrative Code in which a fiscal feasibility report is to be prepared for all projects exceeding \$25-million. This fiscal feasibility report is to be submitted to the Board of Supervisors for a public hearing. The Board is to determine whether the plan for implementing the project is fiscally feasible and responsible.

The report finds that the first phase of the West Field Cargo Project costing \$26 million is fiscally feasible and we are seeking Commission approval of the report prior to submitting it to the Board of Supervisors.

8. Funding of Phase 1A of the West Field Cargo Project - \$26 Million

No. 05-0018

Resolution approving a budget of \$26 million for Phase 1A and supplemental appropriation request for the West Field Cargo Project.

Mr. Fermin explained that Item No. 8 does two things ... it approves a budget of \$26 million for the design work for Phase 1A and 1B and the construction of Phase 1A. It also approves a supplemental appropriation of \$26 million in cash from debt service reserve fund held by the bond trustee. The cash will be replaced by a surety bond and we will use the cash to pay for the cost of Phase 1A and the design of 1B.

Commissioner Strunsky assumed that this was a procedural issue. He asked if a preliminary review could be held with the Chairman of the Board's Finance Committee. This Commission is flying blind with respect to the Board's concerns, interests or criticisms. He wants to avoid a situation where the issue goes back and forth between the Board of Supervisors and the Airport.

Mr. Martin explained that staff met with Supervisor Peskin's staff as well as with Harvey Rose's staff to receive input and to make sure that the analysis structure and format was consistent with what they were looking for.

Commissioner Ito said that last year when the Board encouraged the Airport to look at this, the Airport prepared a feasibility report.

Mr. Martin responded that the Airport did prepare a financial feasibility analysis but there was no requirement at that time. This is a more extensive requirement.

Mr. Fermin said that this requirement came into effect last fall just prior to the holidays.

Commissioner Ito said that her concern was how much back and forth there will be and how long it will take to schedule a public hearing.

Mr. Martin said that because staff has already met with Supervisor Peskin's staff and with Harvey Rose's staff he did not expect a lot of back and forth. In the future, as we have other projects that exceed the \$25 million threshold, we will submit the analysis first to the Board of Supervisors.

Commissioner Crayton assumed that Monique Moyer and others have reviewed this and recommended that this is a sound venture.

Mr. Fermin responded that we have shared our financing plans with Monique Moyer and we have discussed the format and structure of the feasibility report with Supervisor Peskin's staff and the Budget Analyst. The project has a positive net present value of \$11 million.

Commissioner Johns noted that there are preliminary cost estimates on Phase 2 but nothing about Phase 3. She wondered if we will get caught off guard. Will we be able to continue forward with Phase 3 and Phase 2. Mr. Fermin responded that the project is demand driven and each phase will be looked at on its own merits. When it comes time to bring Phase 2 on line, we will look at the demand, analyze the merits and assess the return to the Airport before we proceed. We will then firm up the construction cost estimates for Phase 2 based on the schematic designs and then evaluate the project at that time.

Commissioner Johns asked if we will wait until Phase 1 is complete before we enter into Phase 2.

Mr. Martin explained that this project is demand driven. If the demand grows fast and the airlines are ready to sign on for space then we could begin planning Phase 2 very quickly. On the other hand, if the demand isn't there it could take several years to get to Phase 2. Regardless, the construction costs on a per square foot basis should remain relatively close to what it is today, with the adjustments to inflation and changes in the price of steel.

Commissioner Johns wanted to make sure we won't get caught short because we can't move fast enough to accomplish what we need to do.

Commissioner Strunsky agreed with Commissioner Johns. He asked for a quarterly report on leasing activity. A quarterly report will answer the question of when we need to move on Phase 2.

Mr. Martin agreed that a quarterly report is a good idea.

Item No. 9 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

9. Reject All Bids – Contract No. 8255A - Waterline Replacement in Lot DD

No. 05-0019	Resolution rejecting all bids for Contract No. 8255A, Waterline Replacement in Lot DD, and authorizing the Director to re-bid this contract when ready.
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Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that last month the Airport received bids for the replacement of existing waterline under Lot DD, west of United's MOC. However, only two bids were received and the low bid was 20% above the engineer's estimate.

We questioned some of the plan holders who did not bid on the job and it was determined that the design criteria that we put into the contract included very specialized equipment that was unfamiliar to many of the contractors. The specifications will be changed to provide for less specialized installation.

Commissioner Strunsky asked what was so specialized about these pipes.

Mr. Eavis responded that the pipe that was specified was high density polyethelene and the sections are fused together with heat. It is a type of process usually used when you slip line a pipe. It costs about 25% more than polyvinylchloride pipe which has a bell and spigot connection. Since we are actually moving the location of the pipe it doesn't make sense to use a higher priced pipe.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 10 through 13, was moved by Commissioner Ito and seconded by Commissioner Crayton. The vote to approve was unanimous.

10. Amendment of Resolution No. 04-0189 Approving Food and Beverage Tenant Rental Credits for Demolition Work Undertaken by Tenants

No. 05-0020	Resolution amending Resolution No. 04-0189 which approved rental credits for demolition work undertaken by Food and Beverage tenants by eliminating the requirement to spread the rental credits over a 12-Month period.
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Commissioner Crayton asked if this item was simply eliminating the requirement that the rental credit extend over a 12 month period.

Mr. Fermin responded that it was. This will allow the tenants to get the full value of the credit at one time.

11. Boarding Area "E" Pre-Security Newsstand Lease

No. 05-0021	Resolution approving the proposed minimum qualifications requirements and lease specifications, and authorizing a pre-proposal conference for the Boarding Area "E" Pre-Security Newsstand Lease.
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12. Bid Call - Contract No. 8026 - International Terminal and Boarding Area "F" Cable Fall Protection System

No. 05-0022	Resolution approving the scope, budget, and schedule for Contract No. 8026, International Terminal and Boarding Area "F" Cable Fall Protection System, and authorizing the Director to call for bids when ready.
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13. Annual Passenger Survey

No. 05-0023

Resolution approving the issuance of a Request for Proposals for Airport Passenger Survey Management Services.

* * *

H. PUBLIC HEARING:

The Public Hearing was convened at 9:22 AM and adjourned at 9:29 AM, there being no requests to speak from the public. Item No. 14 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

14. Resolution to Approve the Proposed Budget for Fiscal Year 2005/06 - \$601.5 Million

No. 05-0024

Mr. Fermin said that this is a \$21.5 million or 3.7% increase over the current years budget. There are two primary drivers behind this increase. Of the \$21.5 million increase, \$15.6 million reflects the Airport's cost relating to City-wide obligations related to salaries and benefits. These are costs required to fund salary increases as a result of the collective bargaining agreements the City has entered into. An additional \$2.9 million for increased health insurance premiums which are anticipated to increase by 15%, and \$3.8 million to fund the increase in the retirement contribution. Effective July the City is scheduled to begin picking up 2.5% of the retirement contribution which the employee currently pays.

Another reason for the increase is due to the addition of 83.5 new positions. Of this number, 31.5 of these new positions are for food service workers to clean the food courts in the domestic terminals. The food court tenants will be charged the actual costs of cleaning the food courts so that the Airport will be reimbursed for this cost. The remaining 52 positions are in various areas of the Airport and run the range from crafts to stationary engineers to communications dispatchers to administrative staff.

As background and perspective, at the peak of our traffic in fiscal year 1999/2000 we had 1,872 positions in the budget. That number has been reduced by 435 as we right sized the organization. In calendar year 2004 we showed an increase in traffic of 12% and in anticipation of this recovery continuing we are requesting approval for these additional positions.

We will carefully evaluate any actual requests for filling these positions. We expect to submit our budget to the Mayor's Budget Office by the end of February. The Budget Committee will begin informal hearings on the budget in March. The formal Board of Supervisors budget hearings will begin the third week of June.

Commissioner Strunsky said that debt service, which is the single largest expense, has gone down \$9.5 million per year. This supports the Commission's decision during the Master Plan to add facilities based upon the fact that the annual cost of the facilities would be less than the budgeted annual cost of the facilities back in 1993 and 1994.

The Master Plan was not in an overrun situation, but was in a significant underrun cost to the Airport on an annual basis.

Commissioner Strunsky asked if our engineering staff could look at the cost of our light, heat and power. He occasionally arrives at the Airport during late evening hours and finds escalators and lights on in areas that are hardly used. He asked if we could institute an energy savings program that might reduce our expenses. Even a 10% reduction of this \$34-million expense would mean a significant savings.

Mr. Martin said that he will provide a follow up written report to the Commission.

Commissioner Ito said that during last years budget process Supervisor Sandoval and the Finance Committee pulled out some money to expand our outreach and training of youths. She asked if the same amount was budgeted for this year.

Mr. Fermin responded that we added a small increase to that amount in this years budget to add four additional interns.

Mr. Martin said that we are planning to obtain approvals to hire interns out of college or graduate school into the Management Intern Program. We are currently funded for 15 interns for six months. Typically, many of these interns find jobs within two or three months so we actually run approximately 25 people through the program.

The program has worked well. We have filled all of the slots and the community based organizations we are working with and Supervisor Sandoval are pleased.

Commissioner Johns asked how the interns are chosen.

Mr. Martin responded that the community based organizations go through a screening process and submit names to the Airport. Flynn Bradley of the Airport then interviews those individuals.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:30 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

February 15, 2005

9:00 A.M.

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#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS
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President
MICHAEL S. STRUNSKY
Vice President
LINDA S. CRAYTON
CARYL ITO
ELEANOR JOHNS

JOHN L. MARTIN
Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
February 15, 2005

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
A.		CALL TO ORDER:		4
B.		ROLL CALL:		4
C.		ADOPTION OF MINUTES:		
		Regular meeting of February 1, 2005.	05-0025	4
D.		ITEMS INITIATED BY COMMISSIONERS:		
E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	1.	Approve Five-Year Capital Improvement Plan and Capital Appropriations		4-5
	2.	Amendment No. 2 to Smarte Carte, Inc. Public Locker and Over-the-Counter Baggage Storage Lease No. 95-0263	05-0026	5
	3.	Award Contract 3590A - South Field Runway Safety Area Construction, Phase A - Granite Rock Company, dba Pavex Construction	05-0027	5-6
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	4.	Extension of Smith, Dawson & Andrews Federal Legislative Advocacy Contract for Six Months to Complete the Fiscal Year	05-0028	6-7
	5.	Consent to Assignment of Boarding Area F Executive Writing Instruments Lease 00-0380 from Opportunity Systems Inc., dba MontBlanc to Erwin Pearl Retail, Inc.	05-0029	7
	6.	Domestic Terminal Food and Beverage Lease No. 03-0179 - Consent to Lease Assignment From Andale SFO to Andale Airports	05-0030	7
	7.	A.I.P. No. 3-06-0221-33 (Grant No. 33) Project Application	05-0031	7
	8.	Approve Extension of Rent Credit to United Airlines for Temporary Use of Gate 70 Holdroom Space	05-0032	7-8

G.	NEW BUSINESS:	8
H.	CORRESPONDENCE:	8
I.	CLOSED SESSION:	8
	Pending Litigation: CCSF v Tutor Saliba Corp.	
	Unlitigated Settlement: FAA Civil Penalty	
	Potential Litigation:	
J.	ADJOURNMENT:	9

AIRPORT COMMISSION MEETING MINUTES

February 15, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:05 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Michael S. Strunsky, Vice President
	Hon. Linda S. Crayton
	Hon. Caryl Ito
	Hon. Eleanor Johns

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 1, 2005 were adopted unanimously.

No. 05-0025

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was removed from the calendar without discussion.

1. Approval of the Five-Year Capital Improvement Plan and Capital Appropriations

Resolution authorizing 1) approve the Five-Year Capital Improvement Plan for FY 2004/05 through 2008/09, which consists of \$332.8 million in funded Capital Projects, as well as \$353.7 million in unfunded Capital Projects for a grand total of \$686.5 million, and 2) the Director to submit the Five-Year Capital Improvement Plan to the City's Capital Improvement Advisory Committee for review and approval, and to request approval

from the Mayor and the Board of Supervisors for the Capital Appropriations.

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Amendment No. 2 to Smarte Carte, Inc., Public Locker and Over-the-Counter Baggage Storage Lease No. 95-0263

No. 05-0026

Resolution approving Amendment No. 2 to the Smarte Carte, Inc., Public Locker and Over-the-Counter Baggage Storage Lease No. 95-0263, and directing the Commission Secretary to seek Board of Supervisors approval.

Mr. Dave Pfeiffer, Associate Deputy Director, Revenue Development explained that following the September 11 attacks the FAA mandated the discontinuance of public locker operations across the country. Our lease specifies that the rent shall be reduced proportionately if the tenants operations are restricted by this type of action, however, at the time it was unclear whether or not this mandate would be permanent.

Recently, the FAA softened its locker prohibition. The minimum annual guarantee (MAG) should be reinstated based upon increased enplanements. However, the FAA requirements were cost prohibitive and the Airport no longer desires to have lockers post security. We have had no requests from passengers since 9/11.

Instead the Airport desires to recapture the locker areas for other uses. The MAG for the lease is \$163,814. Most of this rental amount was intended to compensate the Airport for the tenants right to operate public lockers and is unreasonably high after the elimination of the locker operation. Without the locker operation the tenant only achieves approximately \$300,000 in annual gross sales.

Staff recommends reducing the lease MAG to \$45,000 to January 31, 2006, the end of the term, and removing the lockers.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Award of Contract No. 3590A - South Field Runway Safety Area Construction, Phase A - Granite Rock Company, dba Pavex Construction - \$1,587,900

No. 05-0027

Resolution awarding Contract 3590A, South Field Runway Safety Area Construction, Phase A, to the lowest responsive, responsible bidder, Granite Rock Company, dba Pavex Construction, in the amount of \$1,587,900.

Mr. Earner Eavis, Deputy Director, Facilities Operations and Maintenance, explained that this contract provides for improving drainage flows in the area south of Runway 1L/19R. The contract will fill the existing ditches in that area and also construct a safety area for the overrun of Runway 19R.

This project is the first phase of a two phase program for that area.

Three bids were received, with Pavex Construction submitting the lowest responsive, responsible bid. Pavex committed to 17.53% DBE participation, exceeding the 12% DBE goal.

This contract is part of A.I.P. 16 so the Federal Government will reimburse 75% of the cost of the project. The FAA has approved award of this contract to Pavex.

Commissioner Strunsky asked if this was a lump sum or unit price contract.

Mr. Eavis responded that it is based on unit prices.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 4 through 8, was moved by Commissioner Strunsky and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Authorization to Extend Smith, Dawson & Andrews Federal Legislative Advocacy Contract for an Additional Six Months (January 1, 2005 - June 30, 2005) (to Complete the Fiscal Year)

No. 05-0028

Resolution approving an additional six-month (January 1, 2005 through June 30, 2005) for the Airport's Federal Legislative Advocacy contract with Smith, Dawson & Andrews for an amount not to exceed \$52,000 (\$8,000/month, plus travel reimbursement) to complete the current fiscal year.

Commissioner Ito asked if this contract will be reviewed at the end of the six month extension.

Mr. Martin responded that Eve O'Toole will be the City's lobbyist with overall responsibility for Bay Area delegation issues. She will take the lead on seeking reimbursement through Congress for the Precision Runway Monitoring System. Her contract will be brought before the Commission at the next meeting. The Airport will have a separate retainer contract with Smith, Dawson & Andrews who will be responsible for TSA and FAA related issues.

Commissioner Strunsky asked if there is any movement to remove the visa requirement for China.

Mr. Martin responded that it is one of the key issues we want to work on with Eve O'Toole. Although it would be an enormous benefit to San Francisco, he does not know that our chances of removing the visa requirements from China are very good. He has had conversations with John Marks, head of the Convention and Visitors Bureau Association in the United States, as well. This is a big issue for the CVB.

Commissioner Strunsky suggested setting goals for her.

Mr. Martin said that his first conversation with Ms. O'Toole set our first priority as reimbursement for the Precision Runway Monitoring System, and the No. 2 priority is lifting the visa restrictions.

5. Consent to Assignment of Boarding Area F Executive Writing Instruments Lease No. 00-0380 from Opportunity Systems Inc., dba Montblanc to Erwin Pearl Retail, Inc.

No. 05-0029 Resolution consenting to the assignment of the Boarding Area F Executive Writing Instruments lease No. 00-0380 from Opportunity Systems Inc., ("OSI-MB") a Delaware Corporation, dba Montblanc, to Erwin Pearl Retail, Inc.

Commissioner Ito asked if the assumption of this lease will bring in the same revenue.

Mr. Martin responded that rent will be the same.

6. Consent to Lease Assignment from Andale SFO to Andale Airports - Domestic Terminal Food and Beverage Lease No. 03-0179

No. 05-0030 Resolution consent to the assignment of Domestic Terminal Food and Beverage Lease No. 03-0179 from Andale SFO, a California Corporation, to Andale Airports, a California Corporation.

7. A.I.P. No. 3-06-0221-33 (Grant No. 33) Project Application

No. 05-0031 Resolution authorizing the Airport Director to Execute and file a project application with the FAA for Federal Assistance for Project No. 3-06-0221-33 (Grant No. 33).

8. Approval of Extension of Rent Credit to United Airlines for Temporary Use of Gate 79 Holdroom Space

Resolution authorizing an extension of a rent credit to United Airlines, Inc. for the temporary use of 979 square feet of holdroom space at Gate 79 for a period not to exceed one (1) month, in an amount not to exceed \$12,700.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:15 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled CCSF v Tutor-Saliba Corp. et al, U.S. District Court Case No. C02-5286 EDL; Government Code Section 54956.9(b)(1) to confer with legal counsel regarding an unlitigated settlement of a Federal Aviation Administration Civil Penalty, Case No. 2003WP810006; and Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

The Commission reconvened its public session at 9:46 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:47 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

**March 22, 2005
Special Meeting**

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
March 22, 2005

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
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B.		ROLL CALL:		4
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D.		ANNOUNCEMENT BY SECRETARY:		4
E.		SPECIAL ITEM:		
	1.	Retirement Resolution - Chung Y. Tam	05-0035	4-5
F.		DIRECTOR'S REPORTS:		
	2.	FY 2004/05 Status Report of Airport Internship Program		5-7
G.		ITEMS INITIATED BY COMMISSIONERS:		7
H.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	3.	Approval of Five Year Capital Improvement Plan and Capital Appropriations	05-0036	7-9
	4.	Award Contract 8148A - Airfield Seismic Stabilization and Realignment, Phase A - URS Corporation	05-0037	9-10
	5.	Authorization to Issue a Request for Proposals to Purchase and Install a Parking Access and Revenue Control System	05-0038	10-11
I.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	6.	Authorization to Enter into a Federal legislative Advocacy Contract for management of bay Area Congressional Delegation Relationships for the Period January 1, 2005 thru June 30, 2005	05-0039	12
	7.	Modification No. 4 to SFO Medical Clinic Contract - Catholic Healthcare West dba St. Mary's Center	05-0040	12-13

8.	Reject All Bids - Contract 4200R - North Terminal Power Distribution System Improvements 05-0041	13
9.	Consent to Assignment of (Jonathan Leong) L&H LLC dba Luna Azul to Luna Azul Corporation dba Jalapeno Taqueria 05-0042	13
J.	NEW BUSINESS:	
	Illegal taxicab and limousine operations	13-14
K.	CORRESPONDENCE:	14
L.	CLOSED SESSION:	14-15
	Pending Litigation: CCSF v ARCO	
	Potential Litigation	
M.	ADJOURNMENT:	15

AIRPORT COMMISSION SPECIAL MEETING MINUTES

March 22, 2005

A. CALL TO ORDER:

The special meeting of the Airport Commission was called to order at 9:00 A.M. in Room 400, City Hall, San Francisco, CA 94102.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Michael S. Strunsky, Vice President
	Hon. Linda S. Crayton
	Hon. Caryl Ito
	Hon. Eleanor Johns

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 15, 2005, were adopted unanimously.

No. 05-0034

* * *

- D. ANNOUNCEMENT BY SECRETARY: In accordance with the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of Resolution No. 05-0043 regarding a settlement of Phase 2 of litigation entitled CCSF v ARCO in the amount of \$222,276.46 at the closed session of March 22, 2005.

* * *

E. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

1. Retirement Resolution - Chung Y. Tam

No. 05-0035

Resolution thanking Mr. Chung Y. Tam for 32 years of faithful service with the City and County of San Francisco, Airport Commission.

Mr. John Martin, Airport Director, explained that Mr. Tam started at the Airport in 1973 as a Junior Engineer. During his years at the Airport he has worked on many major infrastructure projects, including playing an especially important role in all of the runway and taxiway projects where he often acted as lead Project Manager. He designed the aprons for Terminals 2 and 3, Plot 41 and more recently has done work on the new Terminal checkpoints.

In the last 10 years Tam, as he is known by his friends and colleagues at the Airport, has played the lead role in our preparation for the A380 aircraft. SFO was one of the first airports in the U.S. that was ready for the A380, in large part due to the leadership role Tam played.

Tam has the respect of Airport staff, the wider Airport community, including the airlines that he has worked closely with over the years. We compliment and appreciate Tam for his excellent work these 32 years. We will miss him and will probably call on him for his expertise in the coming years.

Mr. Tam said that he has worked at the Airport since 1973 and those years have been wonderful. In 1978 he had an opportunity to work for a consultant but turned it down to remain at the Airport.

His experiences at SFO have helped him professionally and personally. He thanked everyone he has worked with for giving him the support he needed. He has many memorable moments and has made many friends at the Airport, other departments and other agencies. He will treasure his time at SFO always.

* * *

F. DIRECTOR'S REPORTS:

2. Fiscal Year 2004/05 Status Report of Airport Internship Programs

Status report of Airport Internship Programs for
FY 2004/05.

Mr. Rafael Centeno, Acting Deputy Director, Administration, said that this report provides the status of several internship programs that operate at the Airport under the auspices of the Office of Employment and Community Partnerships (ECP). As part of the Airport's ongoing efforts to provide career opportunities to local youth, the Airport has implemented six unique internships that include programs for college students and at-risk youth.

1. **SFO Career Connect:** This program provides at-risk youth, ages 18-25, with a structured work environment in Airport Commission offices where they learn good work skills and receive exposure to a variety of career options. The program is designed to accommodate two cycles of Career Connect, each cycle consisting of ten participants.

The first graduation of Career Connect participants occurred on March 10th of this year. Eight of the original ten participants have either been offered

employment, are pending the results of employment interviews, or are on a college track. The remaining two participants, unfortunately, were unable to complete the program.

The second cycle of ten Career Connect participants successfully started on March 14th. Again, these participants were selected from referrals received from community-based organizations (CBO).

As part of ECP=s efforts to make program improvements, all Career Connect Program participants will meet with representatives of the San Francisco Health Plan to facilitate their possible eligibility for health benefits.

The Airport is most appreciative of the time and energy invested by the participating CBOs, Airport Commission staff that served as mentors, and Airport Community employers that have made the Career Connect program a success.

2. High School Student Internships: We receive referrals from the Mayor=s Vocational Program, the Metropolitan Transit Commission and Youth Works.

We have four active interns. To date we have included 13 participants.

3. Summer Intern Program: This involves high school graduates and college undergraduate students. The projected number of interns we hope to accommodate by June, 2005 is 10.
4. College Student Program (Project Assist): This is a non-paid internship. We hope to have three participants before the end of the fiscal year.
5. Student Engineering/Architectural/Planner Trainee Program: To date we have five participants with a goal of 10 by the end of the fiscal year.
6. College Graduate Management Intern Program: We hope to have two participants by the end of the fiscal year.

During Fiscal Year 2004/05, the Office of Employment and Community Partnership will coordinate 6 internships programs with a projected participation of 58 interns.

Commissioner Johns asked what we pay Career Connect participants.

Mr. Centeno responded that Career Connect participants receive about \$13 per hour.

Commissioner Crayton asked what community based organizations are being used.

Mr. Flynn Bradley, Manager, Employment and Community Based Partnerships, responded that we partnered with Bernal Heights Neighborhood Center, Neighbors Against Guns, Ella Hill Hutch Employment Program, Larkin Street Youth Services, Renaissance Foster Youth Program, Visitation Valley Job Education and Employment, YoSF, and Youth Community Developers.

Commissioner Johns asked if they change from year to year.

Mr. Bradley responded that this is the first year of the program and these are the primary agencies that actually provide employment services for at-risk youth. We are currently checking out other programs and will probably include others but there aren't many more programs out there.

Commissioner Ito asked who does the selection.

Mr. Bradley responded that the community-based organizations refer the applicants but the Airport does the selection. A City application and resume are submitted. Some sort of statement will be required in the future.

Commissioner Ito asked if we were targeting certain high schools.

Mr. Bradley responded that most high school students don't get out until around 3:00 PM so they don't fit with the program. However, we do have one student who began in the summer and is still with us. The other high school students are generally with the alternative high schools. During the summer we usually attract students that live near the SamTrans bus line or BART.

Mr. Bradley said that Burton and Balboa probably provided the most students over the summer.

Commissioner Johns asked if these were San Francisco students or do we accept Peninsula students as well.

Mr. Bradley responded that the High School Youth Works Program is through the Department of Children, Youth and Family and almost all of them are from San Francisco. Although participants in the At-Risk Program are referred by San Francisco agencies, one or two came through the Foster Care Program and reside outside of the City.

* * *

G. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

3. Approval of Five-Year Capital Improvement Plan and Capital Appropriations

Resolution approving 1) the Five-Year Capital Improvement Plan for FY 2004/05 through 2008/09, which consists of \$332.8 million in funding capital projects, as well as \$353.7 million in unfunded capital projects, for a grand total of \$686.5 million; and 2) submission of the Five-Year Capital Improvement Plan to the City's Capital Improvement Advisory Committee for review and approval, and the request for the capital appropriations.

Mr. Leo Fermin, Deputy Director, Business and Finance, explained that this is an updated Five-Year Capital Projects Plan, which goes out to FY 2008/09. Many of the projects in this update were previously part of the last Five Year Plan approved in June, 2001 and totaled \$1.1 billion. This revision totals \$685 million.

Staff will come before the Commission for approval of revisions and updates to this plan on an annual basis. The Commission will also approve bid calls and contract awards for individual projects.

Some of the highlights of the plan include West Field Cargo, Phase 1, the Terminal 1 AirTrain bridge and mezzanine, the secure connector from Boarding Area G to T-3, 100% EDS in Terminals 1 and 3, demolition of old Boarding Area A and activation of the last three gates in new A, and the Terminal 2 renovation.

Under the Lease and Use Agreement the airlines review and approve certain categories of capital projects. For those projects subject to airline approval we have their approval on all but four projects. We have come to an agreement with the airlines to further review and consult with them before we proceed with those projects with which they have issues. The biggest concern the airlines had was with the Terminal 2 design work. They have suggested, and we concur, that before we proceed with any design for the renovation we will do a feasibility study to analyze various ways of providing a useful life of up to 30 years for the structure, whether it be through renovation of the existing building or a complete replacement if it makes more financial sense.

With the Commission's approval of this Five Year Capital Projects Plan, it will be submitted to the City's Capital Improvement Advisory Committee, with the associated appropriation funding adjustments going to the Mayor's Office and the Board of Supervisors for their approval through the annual budget process.

Mr. Korby Hunt, Regional Manager of Corporate Real Estate for United Airlines and Chairman of the Airline Affairs Committee representing all of the carriers at SFO, said that the Airport has done a fine job in putting together a package that the airlines can support. They were able to establish a means to work through outstanding issues given the Airport's commitment to provide what is required for the Airport and the industry. He acknowledged the effort that has gone into this plan and said that it has taken a long time to package it. The group worked to develop a format that shows the financial issues, what the plan is intended to do

and set up a system that we can use going forward for many years to continue to provide the infrastructure that is necessary for this Airport to succeed.

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

4. Award of Contract No. 8148A - Airfield Seismic Stabilization and Realignment, Phase A - URS Corporation - \$350,000

No. 05-0037

Resolution awarding Contract No. 8148A, Airfield Seismic Stabilization and Realignment, Phase A to the most qualified consultant, URS Corporation, in the amount of \$350,000.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that the Commission previously approved a call for RFPs under Contract 8148A to hire an outside consultant to study the seismic vulnerability of the airfield and to recommend mitigation options.

Five firms submitted proposals to the RFP on January 27, 2005. The submittals were reviewed by a panel consisting of Airport and DPW staff who found that URS Corporation provided the best overall proposal. This study is funded under AIP 23, which will pay 75% of the cost of the study. The FAA has already approved award of this contract.

Commissioner Strunsky asked if Mr. Eavis was satisfied that the scope was adequate and complete with respect to a seismic upgrade of the entire Airport.

Mr. Eavis responded that we have been studying the Airport soils for the last 15-20 years. This is one of the final pieces to come up with an actual plan on how we are going to mitigate the problem areas. Grids will be laid out where testing will be done. This project will provide enough information to begin mitigation techniques on the airfield to address soil stability issues and avoid liquefaction in a major earthquake.

Commissioner Strunsky said that he was amazed at how inexpensive this project is compared to the magnitude of the study. He wanted to be sure that we aren't opening the door to a large negotiating contract when we could be dealing with all of these firms on a greater scope.

Mr. Eavis responded that he is comfortable with this. The scope is well defined and we know what we want out of this project. It will move us to the next step, which will also require an RFP. Construction will then take place. We have \$350,000 for testing and we will stipulate where we want the testing to occur.

URS was selected based on the team, experience and equipment they have in the area that will enable us to move quickly.

Commissioner Ito asked if this was an update after the 1989 earthquake.

Mr. Eavis responded that the Airport has undergone some 20 different expansions over the last 75 years. Different soils were used in different areas. Some soils work well in an earthquake and others don't. The airfield did not suffer much after the Loma Prieta earthquake but we think that there are areas that could be a problem and we would like to take care of those areas in the event the next earthquake comes from a different direction.

Commissioner Ito asked if the measurement was an 8.0 earthquake.

Mr. Eavis responded that it was somewhere in that neighborhood.

Commissioner Strunsky asked if this would include the areas under the runways as well.

Mr. Eavis responded that it will.

Commissioner Johns noted the site is Airport-wide and asked if soil analysis was done prior to construction of the new International Terminal.

Mr. Eavis responded that a soil analysis was done. There are three ways to combat liquifaction. One is to build the building so that the soil that supports the building doesn't damage the building itself. That was accomplished with the base isolators. The runways were placed on landfill. Consolidated sand is most vulnerable and those are the areas we will be studying.

Item No. 5 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

5. Authorization to Issue a Request for Proposals (RFP) to Purchase and Install a Parking Access and Revenue Control System. (PARCS)

No. 05-0038

Resolution authorizing Airport staff to request proposals from qualified vendors to install a new parking access revenue control system for all public parking facilities at the Airport.

Mr. Fermin explained that we are requesting approval to issue an RFP to purchase and install a parking access and revenue control system for all of the public parking areas at the Airport.

This system will consist of various equipment and components such as a centralized network server, entry and exit devices, monitors, ticket spitters and various features such as license plate technology, credit card in and out, pay on foot machines, and the ability to eventually use FasTrak technology to get in and out of the garages.

In designing the specifications for this RFP staff studied the newer control systems recently installed at SeaTac, New Orleans and Sacramento airports and learned

from their successes and mistakes. We will also be learning from installations currently underway at Massport and Minneapolis airports.

We used Parsons to vet the RFPs technical specifications.

The specifications required open architecture so that we will have the ability to integrate standard equipment components regardless of the manufacturer.

This project is on the Five Year Capital Projects Plan and is a key element to converting the DD garage into a long term covered public parking facility.

The plan is to install the first part of this system in the DD garage by November 2005 and to complete installation throughout the Airport by December 2006.

The HRC has established a 5% subcontracting goal for this RFP.

Commissioner Strunsky asked if we did this not long ago. He remembered bringing up the issue of FasTrak and commenting on its effectiveness.

Mr. Fermin responded that several years ago we did patches and fixes to the system along with some upgrades. This is a complete replacement of the entire system.

Mr. Fermin responded that we have had discussions with the vendor that provides the system to the State of California. This system will follow the specifications established by the State for companies that want to mesh with their system. This technology is currently in use in some garages in Manhattan and JFK Airport.

Commissioner Crayton asked when the international garages were built. Were we unaware of this technology at that time?

Mr. Fermin responded that the existing system, which is provided by ASCOM, is close to 20 years old and is a proprietary system. When the international garages were built the ticket spitters and control systems were integrated into the existing system. We did not go through a company overhaul at that time.

Commissioner Johns asked how someone would get from the garage to the terminals.

Mr. Fermin responded that shuttle buses will be going to the garage.

Mr. Martin said that the shuttle bus will have no stops between Lot DD and the terminals. He added that we are also doing an analysis to extend AirTrain.

Commissioner Johns asked what the license plate recognition system is.

Mr. Fermin responded that a photo is snapped of the license plate as the vehicle enters the garage and the photo is entered it into the computer so we can then verify how long the vehicle has been in the garage and where it is located.

I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS

Commissioner Strunsky motioned to recuse Commissioner Ito from voting on Item No. 7. The motion was seconded by Commissioner Crayton. The vote to recuse Commissioner Ito was approved unanimously.

The Consent Calendar, Item Nos. 6, 8 and 9, was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

Item No. 7 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

6. Authorization to Enter into a Federal Legislative Advocacy Contract for Management of Bay Area Congressional Delegation Relationships for the Period from January 1, 2005 through June 30, 2005 - \$37,500

No. 05-0039

Resolution approving a Federal Legislative Advocacy Contract with Marc Associates, Inc. for Management of Bay Area congressional delegation relationships for the period from January 1, 2005 through June 30, 2005 for an amount not to exceed \$37,500.

Commissioner Crayton thought we dealt with a piece of this a few weeks ago.

Mr. Martin responded that the plan we worked out with the Mayor=s Office is to retain Smith, Dawson and Andrews to handle FAA and TSA related issues and that we will contract with Marc Associates, the City=s lobbyist, to handle overall coordination and non-FAA and TSA related issues.

Commissioner Johns asked if this was a monthly retainer.

Mr. Martin responded that it is.

7. Modification No. 4 to SFO Medical Clinic Contract - Catholic Healthcare West dba St. Mary's Medical Center - \$670,000

No. 05-0040

Resolution approving Modification No. 4 to SFO Medical Clinic contract with Catholic Healthcare West dba St. Mary's Medical Center, exercising the third one-year option to extend the contract from July 1, 2005 through June 30, 2006 in an amount not to exceed \$670,000 for FY 2005/06.

Commissioner Johns asked why they were being given a management fee.

Mr. Centeno responded that the management fee has been a part of the original contract from the beginning. It serves as an incentive to manage their expenditures and see if they can come under budget at the end of the year.

Mr. Martin said that we changed the fee structure a couple of years ago to try to create incentives to stay within budget and produce revenues in excess of the budget.

The Medical Clinic accepted the elimination of the management fee for a period of time because we were on the verge of closing the Medical Clinic altogether. We feel this is reasonable.

8: Reject All Bids - Contract No. 4200R - North Terminal Power Distribution System Improvements

No. 05-0041

Resolution rejecting all bids for Contract No. 4200R, North Terminal Power Distribution System Improvements, and authorizing the Director to re-bid this contract when ready.

9: Consent to Assignment of (Jonathan Leong) L&H LLC dba Luna Azul to Luna Azul Corporation dba Jalapeno Taqueria

No. 05-0042

Resolution consenting to the assignment of (Jonathan Leong) L&H LLC dba Luna Azul to Luna Azul Corporation dba Jalapeno Taqueria.

* * *

J. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Mark Gruberg, cab driver, explained that he was speaking on behalf of the United Taxicab Workers (UTW) union and said that they have formed a cab drivers committee against illegal conveyances. There is a tremendous problem in San Francisco with out of town cabs and unlicensed cabs performing taxi services. The limousine problem is also huge. They are working the streets at tourist areas such as Fisherman's Wharf, the hotels and the Airport. Although limousines are State regulated, the Airport has some limited authority to regulate limousines under State law.

The victims of this illegal activity are not just the cab driver but the public who is frequently grossing overcharged. There is also a huge problem at the Airport with vehicles that are acting as limousines but without a license from the State. That means that they may be uninsured or improperly insured and you don't know who the driver is.

Every San Francisco cab driver must go through a police check and their ability to drive is checked through the insurance company. You don't have those guarantees when you deal with illegal limousines.

The UTW considers this to be a very serious issue. They have been to the Taxi Commission, the Police Commission, and the State PUC and they have asked for new legislation from the Board of Supervisors. They strongly urge the Airport Commission to be involved and see to it that appropriate enforcement is provided. .

Commissioner Strunsky asked if our Airport law enforcement is aware of this. Are we doing any sting operations?

Mr. Martin said that he spoke with Police Chief Pengel about a sting operation that she is conducting but he does not have the results. Landside Operations is also working on a crackdown on San Mateo cab companies that we think may also be illegally transporting passengers from the Airport.

Commissioner Ito said that she heard that there are some fake Yellow Cabs on the street.

Mr. Martin said that there are San Mateo yellow cabs and it appears that they operate under virtually no regulation by the county or the cities. They are only supposed to pick up at the Airport on a prearranged basis.

Commissioner Mazzola asked Mr. Martin to keep after this.

* * *

K. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

L. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:45 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding settlement of Phase 2 of the litigation entitled CCSF v ARCO et al., U.S. District Court Case No. C97-2965MMC; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

The Commission reconvened its public session at 9:55 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

M. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:56 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

April 5, 2005

9:00 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS
LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

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DOCUMENTS DEPT.

Minutes of the Airport Commission Meeting of
April 5, 2005

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	6.	Modification No. 4 to Professional Services Agreement Contract No. 5001.01 for Airport Landscape Master Plan - Merrill+Befu, Melvin Lee Associates, Stevens & Associates, A Joint Association	05-0049	12
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AIRPORT COMMISSION MEETING MINUTES

April 5, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:03 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of March 22, 2005 were adopted unanimously.

No. 05-0044

* * *

D. ANNOUNCEMENT BY SECRETARY:

In accordance with the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution No. 05-0043 regarding the settlement of litigation entitled CCSF v ARCO, et al in the amount of \$222,276.46 at the closed session of March 22, 2005.

* * *

E. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. 2004 Employee of the Year Award

No. 05-0045

Resolution commending Timothy Hatfield on his outstanding level of dedicated and professional service to the Airport.

Mr. John Martin, Airport Director said that Mr. Hatfield has worked at the Airport since 1990. He has demonstrated a proactive approach to his duties as a Senior Stationary Engineer and on his own initiative has found a number of ways to improve energy efficiency producing savings of \$1.1 million. He takes a true ownership interest in the Airport and works very well with his colleagues.

Mr. Hatfield thanked the Commission, his co-workers, his mentors Larry Jessup and Roger Case. He grew up in a small town in Ohio and dreamed of the day he would be working in a place like the Airport and living in a wonderful City like San Francisco.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

2. 2004 Team Recognition Service Award

No. 05-0046	Resolution commending the Contract 4378R Wastewater Treatment Plant Expansion Project Team's outstanding level of dedicated and professional service to the Airport.
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Mr. Martin said that the members of the Wastewater Treatment Plant Expansion Project Team include Kristin Allen, Jaime Arguelles, Antonio Borja, Mike Buyaki, Mark Costanzo, a co-project leader with Felicia McCurn, Joseph Garcia, Miguel Herrera, Charles Johnson, Greg McCarthy, Gene McCutcheon, David Thompson, and John Wall.

This team completed the new \$40 million Wastewater Treatment Plant under budget. We had a budget of \$5.98 million for project management, which was handled in-house, and was completed for \$1.74 million ... over \$4 million under budget.

He thanked the team for its great work.

Ms. Felicia McCurn thanked Ernie Eavis, the greatest boss she ever had, the Airport Commission and a great team ... they are still friends, still respectful of one another and they are looking forward to working on the Industrial Waste Treatment Plant Expansion.

Mr. Mark Costanzo said that Mr. Eavis hand picked the team and the success they have had is due to him. They have saved a lot of money and hope that this will be a model for future construction projects.

Mr. Martin added that there were a number of very good nominees for both Employee of the Year and the Team Recognition Award and there will be an event later this week in the Terminal 2 lobby honoring all of the individuals and teams nominated.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was put over.

3. Selection of Architectural/Engineering Consultant to Provide Design Services (Professional Services) for the Redevelopment of the West Field Cargo Area, Phase 1

Resolution approving selection panel's nomination of an architectural/ engineering consultant to redevelop the West Field Cargo Area, Phase 1.

Mr. Ivar Satero, Deputy Director, Bureau of Planning, Design and Construction explained that this item requests authorization to enter into negotiations with the highest ranked firm determined through an RFQ/RFP selection process. The firm will be required to provide programming planning services for the West Field Cargo area, design services for Phase 1 of the West Field Cargo Redevelopment Project, and C. A. services for construction of Phase 1A.

Under programming and planning the firm will be responsible to bring on the necessary cargo expertise to fully lay out the proposed future development of the West Field Cargo area for cargo handling purposes, including landside issues, airside issues, apron configurations to accommodate all different types and gauges of aircraft, as well as the various cargo handler operations.

Phase 1 will be designed in its entirety however, only Phase 1A will be constructed at this time to meet our future near term anticipated demand. The design of Phase 1 will include the detailed design of the landside layout access into and out of the facility and the apron layout which will be configured for various aircraft types. They will bring on the necessary expertise for a lot of the infrastructure that supports the aircraft, i.e., aircraft servicing requirements such as 400 hertz power and hydrant fueling. They will also bring on the necessary expertise for taxi way and apron designs, lead-in lines, and aircraft maneuvering standards. They will have to evaluate ETV systems which allow for stacked storage of materials awaiting transfer either outside of the facility onto a truck or aircraft.

Finally, this project is identified as a potential project by the Department of Homeland Security as a pilot program for future cargo screening initiatives so it is important that the consultant be able to provide the necessary expertise for implementation of potential future screening devices similar to what we do in existing terminals with EDS type technologies and other technologies that are in development.

The Airport selected this firm through a rigorous RFQ/RFP selection process. A five member panel consisting of Airport staff, an airline representative and a representative from another airport was convened to evaluate the teams on the quality of their proposal, the interview process and the competitiveness of their estimated fees.

The Human Rights Commission established sub-consultant goals of 20%. Of the six original firms identified to participate in this process, two of those firms formed a joint venture. All five of the proposals met the minimum 20% subcontracting goal for DBE participation. One firm applied for and met the requirement for receiving a DBE rating bonus of 7.5%.

Upon completing the technical review and interviews the firms were ranked. HRC then reviewed the documents for eligibility of the rating bonus. One firm, URS/Edward Gee, received the 7.5% rating bonus and was ranked the top qualified firm for this work.

Mr. Satero recommended proceeding with negotiations with URS/Edward Gee. The HRC concurs with this recommendation. They are confident that this firm can provide the necessary expertise for this project.

Upon completing successful negotiations staff will return to the Commission with a request to award this contract.

Commissioner Ito asked about this scope of services for which we will enter into negotiations compared to what URS did for us 10 years ago.

Mr. Satero responded that the services they were asked to perform under the Master Plan was for a similar building for the West Field Cargo area. The first step for that process was also a site programming and planning phase.

URS did not have all of the airport experience at that time but subsequently gained that experience when they acquired Greiner. It is now a URS/Greiner team. Greiner brings a much broader base of experience to draw from for cargo handling. They have an extensive resume of developing cargo facilities which includes work at Denver International.

The team proposing on this is separate and apart from the individuals that were participants in that original effort. Airport staff is reviewing the shortcomings in that original report and they will follow step for step to make sure that those same shortcomings are not repeated, and that all of the necessary expertise and proper qualifications are brought to the job. We will do the proper qualifications check.

They have also looked at providing cargo expertise during programming planning and design phase through a subconsultant specialty designer, Phillips/Kaiser.

We are confident that they will not repeat the mistakes of the past and we will be vigilant.

Commissioner Ito asked if they had experience working closely with Homeland

Security and their guidelines. Was that part of the Denver development?

Mr. Satero responded that Denver was prior Homeland Security. They understand the security component but we will have to determine if they have developed that relationship.

Commissioner Strunsky felt it would be wise that our new cargo facility is able to accommodate the new Airbus 380. Recent publicity indicates that the A380 is not selling all that well as a passenger aircraft and it may eventually become the workhorse of the cargo industry.

Commissioner Strunsky noted that while the contract includes contract administration he did not believe that it included construction management. Input by construction management teams is often extremely helpful in maintaining budget, or at least preventing surprises later on. It might be wise to bring them on board at least mid way in the theoretical design process.

Mr. Satero responded that we have started an on-call Construction Management procurement. The intent is to go forward with several hot projects we are pursuing now and look at opportunities for integrating City staff support to that C.M. contractor so that we get such things as constructibility review, value engineering efforts and schedule reality checks.

Commissioner Crayton asked how URS/Edward Gee met their 20%.

Mr. Satero responded that they all met the 20%; some met higher percentages. The range was from about 20% to about 32%. He will provide that breakdown.

Commissioner Johns assumed that the five firms, as listed on the first page, is simply a list and does not reflect scoring. She assumed that the scoring and ranking information does exist and that the top team was URS.

Mr. Satero responded that he will provide the rankings and calculations.

Commissioner Crayton expressed concern over the baggage handling piece of this contract and that this issue was not looked at in the screening of these five firms. She asked if that changes things.

Mr. Satero said that it is not cargo handling expertise, it's screening for explosive detection systems. Because of the evolving nature of exactly what the Department of Homeland Security will require, it was difficult to structure anything. However, as initiatives evolve and since the TSA is very forthright with us on what is happening and with what they would like to do with our projects to test out our different technologies ... FID, EDS, etc. ... we will require that they work closely with the TSA and we will negotiate that into the agreement.

Mr. Vitas Leong, Local 21, Professional and Technical Engineers, represents architects, engineers and design professionals that normally do this type of work. He said that he had hoped that Ivar would talk about the six-month history of the project between Local 21 and the Airport.

He asked the Commission to remove the item from the agenda until the Airport has met its obligation to meet with Local 21 to discuss the project further.

Local 21 learned of this project late August of last year as a result of the RFP/RFQ issued by the Airport. A meeting was called by Local 21 in late September 2004 which included DPW/Bureau of Architecture (BOA) representatives, and representatives from the Airport, including Human Resources. At that meeting an agreement was reached wherein DPW would provide the design services from schematic design through construction observations, but not the programmatic scheme.

Subsequently, the BOA wrote a letter to the Airport memorializing the agreement and expressing BOAs willingness to do the work and further stating that they have the architects and engineers required to do the work on time and on budget.

A meeting was later called, to which he was not invited, between DPW and the Airport at which a subsequent agreement was reached. Since that time he has been trying to set up a meeting with the Airport representative who is handling this project but has been unsuccessful.

The question is whether the work can be done by City staff. Chapter 10 of the City Charter states that "if the work could be done by City staff, it shall be done by City staff."

Again, he asked to delay this item until the next meeting in order to meet with the Airport to find out what is in the subsequent agreement. At this time this is not acceptable to Local 21. There are employees who could do this work, some of which might be receiving layoff notices.

Commissioner Mazzola asked Mr. Satero if he was present at the September meeting to which Mr. Leong referred.

Mr. Satero responded that he was not present at that meeting. At a June meeting DPW reported that they lacked the resources to support this project. As we proceeded with the RFP/RFQ process DPW expressed renewed interest in the project. We met with DPW and said that we are proceeding with the process but told them that while they can compete and prepare a proposal, we needed to consider outside consultants as well.

This is not a viable project unless we are able to ratchet down every anticipated cost that we can imagine. In our original conversations with DPW we were concerned about the size of the fee and what it would take to do the design of the building, versus our experience with what we can negotiate through consultants. It's a very aggressive fee to the tune of 7-7.5%.

In the meeting with Local 21 and DPW the conversation was that DPW was welcome to submit a proposal but they did not want to propose. Airport staff indicated that DPW could propose on the project but we may or may not be able to sell this to senior Airport staff.

Business and Finance is developing numbers and lease rates to determine the threshold above which we can no longer market the facility because the cost per square foot is prohibitive. This is a very aggressive project. We are concerned about the cost and the technical expertise. Vitas indicated that we have engineers and architects that can do this but this is different from the warehouse they did in the past. That warehouse did not have airside responsibility and that is half, if not more, to developing a cargo facility.

Commissioner Mazzola asked what a two week delay would do to the project.

Mr. Satero said that he offered projects to DPW in lieu of this project because of cost sensitivity. Those projects have similar staffing and schedules and are funded so they still fulfill the need. DPW agreed to this.

He spoke with Vitas yesterday and said that he would like to proceed with Commission approval to enter negotiations but would not return to the Commission until he met with Local 21 and satisfied them that we are working together but that there are potential issues that they cannot support in-house.

Commissioner Ito did not understand Mr. Satero's reference to 7%

Mr. Satero responded that we would negotiate design services to the range of 7-7.5% and he has been told that DPW cannot perform to that percentage.

Commissioner Strunsky explained that when Mr. Satero refers to 7% he is referring to 7% of the brick and mortar cost of construction. It is not 7% higher or lower than someone else. It is 7-7.5% of the cost of building the building.

Commissioner Crayton said that she was satisfied with Mr. Satero's comments. She recalls that prior projects brought to the Commission were pulled back and given to DPW. She is satisfied that he will be talking to DPW and trying to work with them, but that we have made good faith efforts with other projects and handling them in-house.

Commissioner Strunsky said that no firm has the universal experience to develop a project of this complexity, and that includes DPW. Private firms have sought out subcontractors with specific expertise. He asked Mr. Satero if he expected DPW to submit a proposal where they also subcontract out for specific expertise. He could not believe that DPW had cargo handling experience. This expertise is very unique.

Mr. Leong said, as a point of clarification, that the meeting with DPW and SFO in September 2004 focused on an agreement that this particular phase of the project consists of programmatic and design services. The understanding was that DPW could not do the programmatic piece and the agreement was that SFO would issue an RFP on that particular phase. After a consultant was hired for the programmatic phase, DPW-Bureau of Architecture would handle the design services. Mr. Leong read from the second paragraph of a letter from the Bureau of Architecture ...

"It is our understanding that following the conclusion of the RFQ process and the selection of the consultant for planning and programmatic, DPW

will be engaged for design services from schematic design through construction observations of an 88,000 square foot air cargo warehouse with an 18,000 square foot office component."

Mr. Leong said that he would be surprised if the Bureau of Architecture did not have the expertise to do the work that is required. They have architects that have done this work before and certainly could do this work.

Commissioner Mazzola recommended putting the item over in order to give DPW the opportunity to discuss this with staff one more time.

The Commission agreed.

Commissioner Mazzola said that he knows that Vitas understands that if this work is technical beyond DPW's range then we will have to have that expertise.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Modification No. 2 to Professional Services Agreement for Airport Management Consulting Services - John F. Brown Company - Not-to-Exceed \$680,000

No. 05-0047

Resolution approving Contract Modification No. 2 in an amount not-to-exceed \$680,000 with John F. Brown Company for 1) a required Financial Feasibility Report in advance of Issue 33 Bonds; (2) rates and charges, capital planning and passenger facility charge support; (3) lease and use agreement support; (4) preparation of report for Simultaneous Offset Instrument Approach (SOIA) Landing Procedure; and (5) general adhoc Airport management financial consulting support.

Mr. Gary Franzella, Associate Deputy Director, Business and Finance, explained that last May, following a competitive process, the John F. Brown Company was added to a pool of Airport management consultants. In July of 2004 the John F. Brown Company was awarded a three year contract. This item adds to that scope of work. We are looking at doing some further analysis of the benefits of the SOIA system, how it has benefitted us from a technical and economic standpoint. They are also working with a team we put together to begin thinking about what the next airline Lease and Use Agreement might look like.

Commissioner Strunsky asked if the Commission could receive a report on whether it's feasible to do a SOIA approach on 1/19.

Mr. Martin responded that the FAA is looking at that. We may not need a separate study. He will learn more about this when he is in Washington.

Item No. 5 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

5. Modification No. 1 to Contract No. 4083 - Boarding Area D Apron Rehabilitation Ghilotti Bros. - \$655,529

No. 05-0048

Resolution approving final Modification No. 1 for Contract No. 4083, Boarding Area D Apron Rehabilitation, with Ghilotti Brothers, in the amount of \$655,529.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that this modification is a close-out. During the apron work we noticed that all of the cathodic protection wrapping on the existing fuel lines had deteriorated. We had to expose those fuel lines and re-wrap them. This gives us 25 years of additional use.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 and 7, was moved by Commissioner Johns and Ito seconded by Commissioner Ito. The vote to approve was unanimous.

6. Modification No. 4 to Professional Services Agreement Contract No. 5001.01 for Airport Landscape Master Plan - Merrill+Befu, Melvin Lee Associates, Stevens & Associates, a Joint Assoc. - \$200,000

No. 05-0049

Resolution authorizing Modification No. 4 to Contract 5001.01, Airport Landscape Master Plan with Merrill+Befu, Melvin Lee Associates, Stevens & Associates, a Joint Association in the amount of \$200,000, to redesign the current landscape plan at the San Bruno Ave. / Highway 101 Interchange in order to reduce the initial cost of construction and installation, reduce the Airport's cost of maintenance during the four year plant establishment period, and provide extended construction administration during the construction phase.

7. Consent to (1) Assignment of Lease from Altitudes to Project Horizon and (2) Change of DFS Group, LP's Subtenant from Altitudes to Project Horizon dba InMotion Pictures

No. 05-0050

No. 05-0050A

Resolution (1) consenting to the assignment of the Boarding Area "F" Hub Music Store Lease from Altitudes to Project Horizons dba InMotion Pictures and (2) consenting to the change of DFS Group, LP's sublessee from Altitudes Partners,

LP to Project Horizon dba InMotion Pictures.
These changes are due to the acquisition of
Altitudes by Project Horizon.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:44 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

May 3, 2005

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
May 3, 2005

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C.		ADOPTION OF MINUTES:		
D.		Regular meeting of April 19, 2005 SPECIAL ITEM:	05-0051	5-6
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E.		ITEMS INITIATED BY COMMISSIONERS:		
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	2.	Modification No. 1 to Contract 8235.E2 - Terminal 3 Food & Beverage Redevelopment Construction - Prove Management, Inc.	05-0053	6-7
	3.	Boarding Area E Pre-Security Newsstand Lease - Approval of Lease Specifications, Minimum Qualifications, and Proposal Requirements, and Authorization to Accept Proposals	05-0054	8
	4.	Reject All Proposals for Boarding Area B Casual Dining & Bar Lease and Approve Amendment No. 1 to Lease No. 03-0196		8-9
	5.	Award Contract 8314R - As-Needed Mechanical and Plumbing Construction/Repairs - Architectural General Construction, Inc..	05-0055	9
	6.	Award Contract 8255AR - Waterline Replacement In Lot DD - Synergy Project Management	05-0056	10
	7.	Allocation of Funds within the AirLegal Budget Categories	05-0057	10
G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	8.	Award Contract 3560C - Specialty Inspection for Terminal Upper Level Viaduct Improvement -		

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9.	Bid Call - Contract 3828B - North Field Power Distribution Improvements	05-0059	10
10.	Bid Call - Contract 3282A - Power Distribution System Loop Connection, Phase 1	05-0060	10
11.	Bid Call - Contract 8426 - Building No. 670 Re-roof	05-0061	10-11
12.	Foreign Currency Exchange Lease No. 99-0449 Exercise First Two-Year Option to Extend Term - Travelex America, Inc.	05-0062	11
13.	Exercise First One-Year Option to Extend the Term for Automated Teller Machine Lease Nos. 99-0458A and 99-0458B	05-0063	11
14.	Modification No. 1 to Professional Services Contract 4094-03/04 for Airline Liaison Office Services for Year Two of Contract - Airport & Aviation Professionals, Inc.	05-0064	11-12
15.	Huong Thi Diep dba S&T Catering - Mobile Catering Lease A No. 04-0117 - Exercise First One-year Option to Extend the Term	05-0065	12
16.	Huong thi Diep dba S&T Catering - Mobile Catering Lease B No. 04-0028 - Exercise First One-Year Option to Extend the Term	05-0066	12
17.	Award Professional Services Contract for Cost Allocation Plan - Yano Accountancy Corp.	05-0067	12
18.	Modification No. 3 to Professional Services Contract - BridgeNet Consulting Services International	05-0068	12
19.	Extend Contract for Parking Citation Processing Services - Turbo Data System	05-0069	12
20.	On-Call Emergency Response Agreement Between San Mateo County, Signature Flight Support Corporation and the Airport	05-0070	13
21.	Agreement with County of San Mateo for Partial Reimbursement of Costs and Services Provided to the Airport/Community Roundtable	05-0071	13

22.	Donation of Gifts to San Francisco Airport Museums	05-0072	13
H.	NEW BUSINESS:		
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	Pending Litigation: CCSF v Tutor-Saliba		
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AIRPORT COMMISSION MEETING MINUTES

May 3, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:02 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

* * *

The Closed Session was called out of order.

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:05 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled CCSF v Tutor-Saliba Corp, et al, U.S. District Court Case No. C02-5286 EDL; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:35 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of April 19, 2005 were adopted unanimously.

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commission Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

1. Retirement Resolution - Mr. Mark G. Barbieri

No. 05-0052

Resolution expressing the Airport Commission's sincere appreciation and deep gratitude to Mr. Mark G. Barbieri for a job extremely well done, and offering best wishes for the fullest measure of health and happiness in his retirement from the Airport.

Mr. John Martin, Airport Director, said that Mr. Barbieri has been a City employee for over 30 years, 25 years of which have been at SFO in the Communications Department's Radio Shop.

Mr. Barbieri has consistently demonstrated an exceptional knowledge of all radio systems and has provided critical information used in the design of the radio system antenna arrays. He was also instrumental in the upgrading of the Airport radio system and the San Francisco Police Department radio system.

Mr. Barbieri's knowledge and reliability have helped keep the Airport's radio system up and running 100% of the time during both normal and emergency periods.

Mr. Martin congratulated Mr. Barbieri on his retirement and wished him well.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito asked for an update on the status on the Airport's security system.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commission Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Modification No. 1 to Contract No. 8235E2, Terminal 3 Food and Beverage Redevelopment Construction - Proven Management, Inc. - California - \$585,449

No. 05-0053

Resolution approving Modification No. 1 to

Contract 8235E2, Terminal 3 Food and Beverage Redevelopment Construction, with Proven Management, Inc. - California, in the amount of \$585,449. This modification provides for unforeseen conditions, additional scope and Airport operational requirements associated with the implementation of the Airport's Domestic Terminals Redevelopment Program. Prior to authorizing work, each scope will be approved by the Capital Project Review Committee.

Mr. Ivar Satero, Deputy Director, Planning, Design and Construction explained that this is the first and final modification to this contract and it is the final construction contract modification for the Domestic Terminals Food and Beverage Redevelopment Program food court construction.

Staff presented the revised forecast budget requirements for the overall program in January to account for unforeseen conditions, operational requirements and added scope. The budget for this modification is within the updated Program budget and funding will be provided from Capital funds committed to the overall Program. The current cost forecast indicates that the Program will complete within this budget.

The scope of this modification provides for unforeseen conditions, additional work and operational requirements. The most significant change to the contract is the establishment of a temporary mini-hub at Boarding Area F during construction of the Hub Food Court. This allowed the Airport to maintain a larger selection of offerings than was otherwise anticipated, which provided for enhanced revenue opportunities and increased passenger convenience. The mini-hub development required the contractor to resequence activities, construct the common area in phases and accelerate work to minimize the overall duration of construction.

The contractor completed on schedule construction of 2 of the 3 food courts in Terminal 3, which are now both open. The Hub Food Court at the rotunda of Boarding Area F is forecast to complete on schedule, allowing for a phased opening of the eight concessions (Soup Co./Lorries Diner - Just Desserts, Fung Lum, Boudin, Andale, Firewood, Tomakazu), between May 22 and May 25, in time for the Memorial Day weekend.

The permanent overhead food court signage contract will bid this month. Wayfinding signage for both Food and Beverage and retail will bid in June. Remaining in-line late-start tenants will all be complete in July/August.

The DBE subcontracting goal for this contract is 15%. The contractor has achieved this level of participation and will be required to maintain it through this modification or demonstrate sufficient good faith efforts for additional scope which does not provide an opportunity for the listed subcontractors.

Item No. 3 was moved by Commission Strunsky and seconded by Commissioner

Ito. The vote to approve was unanimous.

3. Boarding Area "E" Pre-Security Newsstand Lease - Approval of Lease Specifications, Minimum Qualifications, and Proposal Requirements, and Authorization to Accept Proposals

No. 05-0054 Resolution approving lease specifications, minimum qualifications, and proposal requirements, and authorizing staff to accept proposals for the Boarding Area "E" Pre-Security Newsstand Lease.

Mr. Leo Fermin, Deputy Director, Business and Finance, explained that there are currently no retail shops pre-security in Terminal 3 where items such as newspapers, magazines, non-prescription medications can be purchased. Space has been identified pre-security in Boarding Area E adjacent to the elevators, just behind the display of an aircraft motor and diagonal to the queuing area of the Boarding Area E security checkpoint that can be developed into a newsstand.

Four firms attended the March 30 information conference. As recommended by the attendees, three changes were made to the original specifications. Those changes included lowering the minimum annual guarantee, adding San Francisco souvenir merchandise and reconfiguring the space.

Item No. 4 was put over.

4. Reject All Proposals for Boarding Area B Casual Dining & Bar Lease and Approve Amendment No. 1 to Lease No. 03-0196

Resolution (1) Reject all proposals for Boarding Area B Casual Dining & Bar Lease and (2) approve Amendment No. 1 to Lease No. 03-0196 to relocate Lady Luck Gourmet LLC, dba Go Bistro, to Space No. B.2.022, and direct Commission Secretary to request approval of such amendment from the Board of Supervisors.

Mr. Fermin explained that this item changes an earlier recommendation to add an additional restaurant to Boarding Area B. This recommendation is being made as a result of an oversupply of food and beverage outlets given the recent downturn in flight activity in Boarding Area B.

Since the proposal process for this former La Strada space began last September, ATA, one of the top three carriers in Boarding Area B, filed for Chapter 11 bankruptcy and reduced its flight schedule by 42%. America West cut back flights by 16.5%.

These developments have resulted in a revised forecast of enplanements next

fiscal year which will be 20% lower than the 2,749,000 level that was used as the basis for planning the number and size of facilities in Boarding Area B.

For the near term, staff now believes we have adequate food and beverage facilities in Boarding Area B and the addition of another facility will result in a saturation of facilities for the number of passengers.

Ms. Marina Go and Ms. Jill Hernandez, Lady Luck Gourmet, LLC explained that their current space was closed and construction was scheduled to begin when ATA cut back its flights 50%. They cannot make it under these circumstances. This new location is more centrally located and will be much better for them.

While WSE argues that Lady Luck did not bid on this opportunity, Lady Luck argues that it has an existing lease in the area and WSE does not.

They were the only bidders in the Domestic Terminal Food and Beverage Redevelopment Program that received only one lease.

Mr. Jose Placencia and Mr. Greg Fong, WSE Group, Inc., said that they received the highest rating in the bid process. They believe that there is sufficient demand for this facility. They spent time and money to further develop the space after they were informed by Airport staff that they were the highest proposer.

They offered staff a win, win solution but it was not accepted. They believe that there is enough business for two bars in that area, which is what Host operated.

Mr. Placencia presented the Commission with a written chronology of events. (See attached.)

The Commission asked that the item be put over in order to give staff the opportunity to work out a solution that will be acceptable to all parties.

Item No. 5 was moved by Commission Strunsky and seconded by Commissioner Crayton. The vote to approve was 4-1 with Commissioner Mazzola casting the dissenting vote.

5. Award of Contract No. 8314R - As-Needed Mechanical and Plumbing Construction/Repairs - Architectural General Construction, Inc. - \$332,167

No. 05-0055	Resolution awarding Contract 8314R, As-Needed Mechanical and Plumbing Construction/ Repairs, to the lowest responsive, responsible bidder, Architectural General Construction, Inc., in the amount of \$332,167.
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Item No. 6 was moved by Commission Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Award of Contract No. 8255AR - Waterline Replacement in Lot DD Synergy Project Management - \$347,200

No. 05-0056

Resolution awarding Contract No. 9255AR, Waterline Replacement in Lot DD, to the lowest responsive, responsible bidder, Synergy Project Management, in the amount of \$347,200.

Item No. 7 was moved by Commission Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

7. Allocation of Funds within the AirLegal Budget Categories

No. 05-0057

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 8 through 22, was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

8. Award of Contract No. 3560C - Specialty Inspection for Terminal Upper Level Viaduct Improvement - Treadwell Rollo, Inc. - \$245,000

No. 05-0058

Resolution awarding Contract 3560C, Specialty Inspection for Terminal Upper Level Viaduct Improvement, to the most qualified Consultant, Treadwell Rollo, Inc. in the amount of \$245,000.

9. Bid Call - Contract No. 3828B - North Field Power Distribution Improvements

No. 05-0059

Resolution approving the scope, budget, and schedule for Contract 3828B, North Field Power Distribution Improvements, and authorizing the Director to call for bids when ready.

10. Bid Call - Contract 3828A - Power Distribution System Loop Connection, Phase 1

No. 05-0060

Resolution approving the scope, budget, and schedule for Contract 3828A, Power Distribution System (PDS) Loop Connection, Phase 1, and authorizing the Director to call for bids when ready.

11. Bid Call - Contract No. 8426 - Building No. 670 Re-roof

No. 05-0061

Resolution approving the scope, budget, and scheduled for Contract No. 8426, Building No. 670 Re-roof, and authorizing the Director to call for bids when ready.

12. Foreign Currency Exchange Lease No. 99-0449 - Exercise First Two-Year Option to Extend the Term - Travelex America, Inc.

No. 05-0062

Resolution exercising the first of two, two-year options to extend the term of Travelex America, Inc.'s Foreign Currency Exchange Lease No. 99-0449 in the International Terminal Building and existing Terminal Buildings from December 10, 2005 through December 9, 2007 with Base Rent equal to the greater of the Minimum Annual Guarantee of \$4,127,500 or \$0.88 multiplied by the number of international enplanements at the Airport per lease year.

Mr. Irshad Sori, Travelex, asked the Commission not to take action on this until Travelex had an opportunity to work through a couple of issues.

Commissioner Strunsky noted that since the option to extend the lease rested with the Commission, he recommended approving the extension and staff could continue to meet with Travelex to deal with outstanding issues.

13. Exercise First One-Year Option to Extend the Term for Automated Teller Machine Lease Nos. 99-0458A and 99-0458B - Travelex America, Inc.

No. 05-0063

Resolution exercising the first one-year option to extend the term of Travelex America, Inc.'s Automated Teller Machine Lease No. 99-0458A from December 10, 2005 through December 9, 2006 with a Base Rent equal to the Minimum Annual Guarantee of \$240,500 plus percentage rent plus Transaction Rent; and No. 99-0458B for an extension term of December 10, 2005 through December 9, 2006 with Base Rent equal to the Minimum Annual Guarantee of \$240,500 plus percentage rent plus Transaction Rent.

14. Approve Modification No. 1 to Professional Services Contract No. 4094-03/04 for Airline Liaison Office Services for Year Two of the Contract - Airport & Aviation Professionals, Inc. - \$400,000

No. 05-0064

Resolution approving Modification No. 1 to Professional Services Contract No. 4094-03/04 for

Airline Liaison Office Services with Airport & Aviation Professionals, Inc. for year two (2) of the Contract, for a maximum not-to-exceed amount of \$400,000 for Fiscal Year 2005/06.

15. Huong Thi Diep dba S&T Catering - Mobile Catering Lease "A" No. 04-0117 - Exercise First One-Year Option to Extend the Term

No. 05-0065

Resolution exercising the first of two one-year options to extend the term of the Huong Thi Diep dba S&T Catering Mobile Catering Lease "A".

16. Huong Thi Diep dba S&T Catering - Mobile Catering Lease "B" No. 04-0029 - Exercise First One-Year Option to Extend the Term

No. 05-0066

Resolution exercising the first of two one-year options to extend the term of the Huong Thi Diep dba S&T Catering Mobile Catering Lease "B" No. 04-0029.

17. Award of Professional Services Contract for Cost Allocation Plan - Yano Accountancy Corporation - \$60,000

No. 05-0067

Resolution awarding a professional services contract to Yano Accountancy Corporation in connection with the Cost Allocation Plan in an amount not to exceed \$60,000.

18. Modification No. 3 to the Professional Services Contract - BridgeNet Consulting Services International - \$70,000

No. 05-0068

Resolution approving Modification No. 3 to the Professional Services Contract with BridgeNet Consulting Services International to extend the term of the agreement until June 2006 and increase the dollar amount by \$70,000.

19. Extend Contract for Parking Citation Processing Services - Turbo Data System, Inc. - \$40,000

No. 05-0069

Resolution approving Director's recommendation to extend the contract with Turbo Data Systems, Inc., for parking citation services in cooperation with the San Mateo County cities for an amount not to exceed \$40,000 per year.

20. On-Call Emergency Response Agreement between San Mateo County, Signature Flight Support Corporation and the Airport

No. 05-0070

Resolution approving the On-Call Emergency Response Agreement between San Mateo County, Signature Flight Support Corporation and the Airport in the event a multiple casualty incident with fatalities occurs at the Airport.

21. Agreement with the San Mateo County for Partial Reimbursement of Costs and Services Provided to the Airport/Community Roundtable in an Amount Not to Exceed \$120,000

No. 05-0071

Resolution approving agreement with San Mateo County for partial reimbursement of costs and services provided to the Airport/Community Roundtable during the period of July 1, 2005 - June 30, 2006 in an amount not to exceed \$120,000.

22. Donation of Gifts to San Francisco Airport Museums

No. 05-0072

Resolution approving acceptance of donations of artifacts to the San Francisco Airport Museums Aviation Collection.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. David Sasson, The Sasson Trading Company of New York, asked the Commission if the Airport did any business with the Pacific Coast Stock Exchange.

Commissioner Mazzola suggested that Mr. Sasson speak with Mr. Fermin.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:30 A.M.


Jean Caramatti
Commission Secretary

**SFO RFP
BOARDING AREA B
CASUAL DINING AND BAR
CHRONOLOGY**

<u>Date</u>	
11/9/04	RFP Submittal deadline
1/5/05	Advised by Dave Pfeiffer, SFO Associate Deputy Director, Revenue Development WSE/Greg Fong won RFP.
1/7/05	Memo from Airport Director to Airport Commission recommending award to WSE Group.
1/11/05	Item 10 on Consent Calendar: routine administrative matters -withdrawn after proponent was told by Vic Bartolome, SFO Property Manager, that scoring was not done. John Martin stated "I have seen scores and I am satisfied." Item withdrawn until scores are available to unsuccessful proponent.
1/27/05	Greg Fong (GF) received call from Leo Fermin, asking for earliest completion date of facility.
1/31/05	GF discussion with Leo Fermin indicating late July opening.
2/15/05	Meeting with John Martin, Jose Placencia, and Greg Fong to discuss timing of facility. Everyone agreed it may be best not to close for construction during busy summer period. Proposal that Jose and GF, after award, operate existing facility, effective April 1, closing in September for construction. Award to be proposed for March 22 Commission meeting.
3/22/05	Pulled from Calendar March 18. GF discussion with Leo Fermin, indicating that, due to decrease in enplanements in Boarding Area B, Airport was reviewing timing of new facility. One proposal was to award, and have WSE operate "as is" until a future time, when economics supported build-out.
4/1/05	GF informed by Leo Fermin, that facility was to be given to Go Bar, who did not bid RFP. The explanation was that Airport was concerned that, due to 20% reduction in enplanements, Go Bar was at risk, and Airport did not feel an additional unit was viable. Go Bar was originally awarded a location in another part of Boarding Area B, and closed in March to commence construction.
4/4/05	Meeting with John Martin to discuss issue. Told that priority is to protect interests of existing lease holders.

- 4/14/05 Meeting with Leo Fermin, Deputy Director, Business and Finance, and Gary Franzella, Assistant Deputy Director to discuss basis for decision. Informed that SFO was concerned with reduced enplanements in Boarding area B.
- 4/18/05 Meeting with Leo Fermin to propose Jose Placencia and Greg Fong to be awarded existing Go Bar space and snack bar kiosk in Gate 21 Hold room area as alternative.
- 4/26/05 Received call from Leo Fermin advising alternative locations were not available.

BOARDING AREA B SALES ANALYSIS

1. Boarding Area B Annual Sales 2003 (000) \$ 5,981
 (Concessions Revenue Report)

- Weekly Revenue Report (9/1/04-4/2/05) \$ 4,595

- Estimated 12 month Sales \$ 8,325 (+40%)

2. B 2005 Monthly Sales Trend (Weekly Revenue Report)

	<u>2004</u> (000)	<u>2005</u> (000)	<u>% increase</u>
January	\$ 429	\$ 621	+45%
February	\$ 445	\$ 602	+35%
March	\$ 501	\$ 668	+33%
Total	\$1,375	\$1,892	+37%

Tenant Names	Space #	Week 1 1/2-1/8	Week 2 1/9-1/15	Week 3 1/16-1/22	Week 4 1/23-1/29	Week 5 1/30-2/5	Total Sales
TERMINAL 1							
POST SECURITY							
BOARDING AREA "A"							
BOARDING AREA "B"							
Go Bistro (Gate 31)	Interim	13,119	12,768	11,796	13,327	11,644	62,655
Klein's Deli (Gate 36) *	B.2.030	-	-	-	-	5,440	5,440
La Strada Bar (Gate 25)	Not in Program	23,829	24,329	24,097	26,760	20,601	119,614
Peet's Coffee (Gate 26)	Not in Program	29,847	26,854	23,387	25,580	22,780	128,447
Willow Creek (Gate 25)	Interim	69,083	64,060	56,990	62,302	53,142	305,577
BOARDING AREA "C"							
Guava & Java (Gates 47/48)	G.2.022	35,368	35,140	32,278	29,925	29,978	162,689
Perry's (Gate 42)	Interim	56,541	58,438	52,623	54,473	55,449	277,524
PRE SECURITY							
Golden Gate Bar & Grill	Interim	41,921	35,763	32,614	31,442	30,227	171,968
Peet's (pre-security A)	T1.2.003	18,407	15,964	14,757	14,511	13,957	77,597
TERMINAL 1 TOTAL		288,114	273,317	248,543	259,319	243,219	1,311,511
*Klein's opened 2/4/05							
TERMINAL 3							
POST SECURITY							
BOARDING AREA "E"							
Klein's Deli	E.2.021	33,466	31,910	25,669	27,007	28,456	146,508
Mission Bar & Grill	E.2.020	66,596	79,212	73,186	76,608	69,715	365,317
BOARDING AREA "F"							
Emporio Rulli (Hub)	Interim	16,505	18,601	17,953	18,194	17,536	88,788
Firewood (Hub)	Interim	44,484	44,519	36,254	36,333	33,647	195,237
Just Desserts (Hub)	Interim	36,648	31,890	28,445	30,846	28,673	156,502
SF Soup Company (Hub)	Interim	68,935	64,243	58,808	58,143	54,361	302,480
Willow Cafe (Hub)	Interim	28,882	25,671	25,356	24,573	23,260	127,742
Bay City Bar & Grill	Interim	56,234	48,811	46,315	46,882	40,575	238,817
Buena Vista Café (Gate 65)	Interim	18,589	5,902	5,104	5,395	9,910	44,900
Burger King (Gate 74)	T3.2.079	34,890	29,938	28,173	28,709	26,677	148,386
Emporio Rulli (Gate 71)	Interim	19,600	21,958	19,846	19,180	20,334	100,918
Peet's Coffee (Gate 70)	Interim	12,508	12,998	12,768	11,818	11,210	61,302
Peet's Coffee (Gate 72)	Not in Program	26,988	26,712	24,947	25,435	23,429	127,511
Peet's Coffee (Gate 86)	Not in Program	34,892	35,164	31,373	25,580	26,246	153,056
Yankee Pier	T3.2.053	64,862	93,972	99,313	103,233	97,905	459,284
PRE SECURITY							
Burger King (Mezzanine)	T3.3.020C	23,234	20,161	17,584	17,298	16,595	94,872
Crossroads	Interim	4,120	Closed	Closed	Closed	Closed	4,120
Peet's Coffee (Mezzanine)	T3.3.020A	14,991	13,683	12,465	11,624	11,267	64,030
Subway (Mezzanine)	T3.3.020B	26,020	21,929	21,210	21,274	20,966	111,398
TERMINAL 3 TOTAL		630,243	627,273	584,770	588,130	560,761	2,991,177
GRAND TOTAL		918,357	900,590	833,312	846,449	803,980	4,302,688

Domestic Food Beverage Sales 2/6/05 to 3/5/05

Tenant Names	Space #	Week 1 2/6-2/12	Week 2 2/13-2/19	Week 3 2/20-2/26	Week 4 2/27-3/5	Total Sales
TERMINAL 1						
POST SECURITY						
BOARDING AREA "A"						
BOARDING AREA "B"						
Go Bistro (Gate 31)	Interim	12,501	13,082	10,046	9,462	45,091
Klein's Deli (Gate 36)	B:2.030	24,375	24,906	21,697	20,676	91,653
La Strada Bar (Gate 25)	Not in Program	23,266	24,561	21,091	20,152	89,071
Max's Eatz (Gate 25)	B:2.056B	-	64,289	79,650	79,959	223,898
Peet's Coffee (Gate 26)	Not in Program	22,275	27,715	23,711	22,914	96,614
Willow Creek (Gate 25)	Interim	45,876	10,331	-	-	56,307
BOARDING AREA "C"						
Guava & Java (Gates 47/48)	C:2.022	33,542	38,950	36,451	36,370	145,313
Perry's (Gate 42)	Interim	60,446	71,292	68,964	67,197	265,899
PRE SECURITY						
Golden Gate Bar & Grill	Interim	31,742	35,025	27,688	31,224	125,680
Peet's (pre-security A)	T:1.2.003	13,988	15,087	15,266	14,888	59,229
TERMINAL 1 TOTAL		268,110	325,238	302,565	302,843	1,198,756
TERMINAL 3						
POST SECURITY						
BOARDING AREA "E"						
Klein's Deli	E:2.021	33,782	42,292	39,452	39,229	154,756
Mission Bar & Grill	E:2.020	78,896	99,636	89,042	90,054	357,628
BOARDING AREA "F"						
Emporio Rulli (Hub)	Interim	18,550	22,133	22,292	20,827	83,802
Firewood (Hub)	Interim	37,151	44,074	38,408	38,886	158,519
Just Desserts (Hub)	Interim	29,701	39,366	36,411	35,749	141,228
SF Soup Company (Hub)	Interim	59,256	66,587	63,090	60,470	249,402
Willow Café (Hub)	Interim	26,459	30,395	30,287	28,025	115,166
Bay City Bar & Grill	Interim	46,744	46,292	37,655	37,100	167,791
Buena Vista Café (Gate 85)	Interim	12,023	13,161	12,381	12,477	50,042
Burger King (Gate 74)	T3.2.079	30,578	32,579	29,704	29,148	122,010
Emporio Rulli (Gate 77)	Interim	20,764	23,349	23,094	22,400	89,606
Gordon Biersch (Gate 73/74)	T3.2.088	-	34,408	44,778	45,541	124,727
Peet's Coffee (Gate 70)	Interim	12,542	13,894	11,865	15,428	53,719
Peet's Coffee (Gate 72)	Not in Program	25,059	24,621	22,641	22,475	94,797
Peet's Coffee (Gate 86)	Not in Program	27,934	36,508	31,997	32,168	128,606
Yankee Pier	T3.2.053	103,557	113,087	100,304	97,657	414,604
PRE SECURITY						
Burger King (Mezzanine)	T3.3.020C	17,809	19,022	18,449	18,088	73,368
Peet's Coffee (Mezzanine)	T3.3.020A	11,544	12,717	13,657	12,608	50,526
Subway (Mezzanine)	T3.3.020B	21,653	24,917	23,295	23,656	93,521
TERMINAL 3 TOTAL		614,001	739,028	688,803	681,986	2,723,818
GRAND TOTAL		882,111	1,064,266	991,368	984,828	3,922,573

622634

Domestic Food Beverage Sales

Updated: 4/13/2005

3/6 to 4/2/05

Tenant Names	Space #	Week 1 3/6-3/12	Week 2 3/13-3/19	Week 3 3/20-3/26	Week 4 3/27-4/2	Total Sales
TERMINAL 1						
POST SECURITY						
BOARDING AREA "A"						
BOARDING AREA "B"						
Andale (Food Court)	T1.2.050A	-	14,736	18,364	17,723	50,823
Lori's Diner (Food Court)	T1.2.050B	-	22,483	34,646	33,143	90,272
Sankaku (Food Court)	T1.2.050C	-	10,753	15,975	13,825	40,553
Go Bistro (Gate 31)	Interim	10,620	-	-	-	10,620
Klein's Deli (Gate 36)	B.2.030	22,046	28,870	31,988	25,244	108,147
La Strada Bar (Gate 25)	Not in Program	21,604	32,610	30,493	24,291	108,997
Max's Eatz (Gate 25)	B.2.056B	81,448	83,670	87,521	79,104	331,743
Peet's Coffee (Gate 26)	Not in Program	23,770	28,388	29,890	26,879	108,927
BOARDING AREA "C"						
Firewood (Food Court)	T1.2.001B	-	16,155	22,503	20,529	59,187
Just Desserts (Food Court)	T1.2.001A	-	5,641	10,018	8,876	24,535
Guava & Java (Gates 47/48)	C.2.022	38,994	58,396	66,010	61,564	224,964
Perry's (Gate 42)	Interim	67,344	45,577	36,129	35,388	184,438
PRE SECURITY						
Golden Gate Bar & Grill	Interim	29,591	-	-	-	29,591
Just Desserts	T1.2.058	-	-	-	1,709	1,709
Peet's (pre-security A)	T1.2.003	15,105	15,582	15,842	14,814	61,343
TERMINAL 1 TOTAL		310,522	362,862	399,379	363,088	1,435,851

68,450

May. 02 2005 02:29PM P2

64,295,290

71,041,010

Domestic Food Beverage Sales

Updated: 4/13/2005

3/6 to 4/2/05

Tenant Names	Space #	Week 1 3/6-3/12	Week 2 3/13-3/19	Week 3 3/20-3/26	Week 4 3/27-4/2	Total Sales
TERMINAL 3						
POST SECURITY						
BOARDING AREA "E"						
Guava & Java (Food Court)	T3.2.012C	-	8,062	12,279	11,619	31,960
Jalapeno Taqueria (Food Court)	T3.2.012A	-	9,067	12,896	12,634	34,598
Subway (Food Court)	T3.2.012B	-	9,865	16,495	16,976	43,337
Klein's Deli	E.2.021	39,178	44,153	44,496	41,865	169,692
Mission Bar & Grill	E.2.020	92,677	106,559	109,913	94,655	403,804
BOARDING AREA "F"						
Emporio Rulli (Hub)	Interim	21,610	23,083	22,093	21,560	88,346
Firewood (Hub)	Interim	41,071	44,211	42,851	40,144	168,277
Just Desserts (Hub)	Interim	37,289	40,406	46,068	40,177	163,940
SF Soup Company (Hub)	Interim	59,760	63,500	65,484	60,445	249,190
Willow Café (Hub)	Interim	30,572	32,471	33,111	31,798	127,952
Buena Vista Café (Gate 85)	Interim	13,440	15,204	15,435	13,801	57,879
Burger King (Gate 74)	T3.2.079	28,992	32,153	34,314	31,559	127,018
Emporio Rulli (Gate 77)	Interim	21,649	25,768	24,196	20,168	91,781
Gordon Biersch (Gate 73/74)	T3.2.068	49,882	56,306	50,659	42,665	199,512
Peet's Coffee (Gate 72)	Not in Program	21,036	23,412	22,230	20,484	87,162
Peet's Coffee (Gate 86)	Not in Program	32,045	33,761	35,390	33,804	135,000
Noah's Bagels	T3.2.042A	-	1,936	14,981	13,945	30,862
Peet's Coffee (Gate 70-Food Court))	T3.2.042D	16,273	19,942	18,642	19,024	73,881
Sankaku (Food Court)	T3.2.042B	-	20,275	26,835	28,136	75,247
Willow Creek (Food Court)	T3.2.042C	-	20,038	25,652	25,562	71,253
Yankee Pier	T3.2.053	109,668	117,836	114,299	108,808	450,611
PRE SECURITY						
Bay City Bar & Grill	Interim	38,116	-	-	-	38,116
Burger King (Mezzanine)	T3.3.020C	17,717	16,716	16,689	16,818	67,940
Peet's Coffee (Mezzanine)	T3.3.020A	12,338	12,808	12,480	12,462	50,088
Subway (Mezzanine)	T3.3.020B	23,200	21,287	20,295	18,907	83,690
TERMINAL 3 TOTAL		706,513	798,821	837,785	778,015	3,121,134
GRAND TOTAL (Terminal 1 & 3)						
		1,017,035	1,161,683	1,237,164	1,141,103	4,556,985

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

May 17, 2005

9:00 A.M.

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SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
May 17, 2005

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
A.		CALL TO ORDER:		4
B.		ROLL CALL:		4
C.		ADOPTION OF MINUTES:		
		Regular meeting of May 3, 2005	05-0073	4
D.		ITEMS INITIATED BY COMMISSIONERS:		
E.		ITEMS RELATING TO ADMINISTRATION OPERATIONS & MAINTENANCE:		
	1.	Selection of Architectural/Engineering Consultant to Provide Design Services For Redevelopment of West Field Cargo Area, Phase 1	05-0074	4-7
	2.	Domestic Terminals Food & Beverage Redevelopment Program - Award Boarding Area B Casual Dining & Bar Lease to WSE Group, Inc., and Approve Premises Relocation Under Domestic Terminals Food & Beverage Lease No. 03-0196 for Lady Luch Gourmet	05-0075 05-0076	7-8
	3.	Approve Non-Airline Rates & Charges for FY 2005/2006	05-0077	8-9
	4.	Modification to Amendment No. 5 of Master Retail/Duty Free Lease No. 99-0035, as Approved by the Board of Supervisors	05-0078	9
	5.	Exercise First of Two One-Year Options to Extend Marketing Services with The M-Line and Approve the Year 3 Scope of Work and Budget	05-0079	10-11
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	6.	Award Contract 4461 - Airport's Diesel Fuel System Upgrade 2005/2006 - Technology, Engineering and Construction	05-0080	11
	7.	Bid Call - Contract 8250 - As-Needed Carpe Repairs	05-0081	11-12

8.	Bid Call - Contract 8468 - Superbay Hangar Roof Repair	05-0082	12
9	Modification No. to Professional Services Contract with Gerchick-Murphy Associates to Provide Continued International and Domestic Aviation Development Services	05-0083	12
10.	Award Professional Services Contract for United States Congressional Legislative Advocacy - Marc & Associates	05-0084	12
11.	Award Professional Services Contract for California State Legislative Advocacy - Edelstein & Gilbert	05-0085	12
12.	Authorization to Solicit Proposals for Commercial Paper Letter of Credit Provider	05-0086	12-13
13.	Authorization to Conduct a Pre-Proposal Conference for the International Terminal Specialty Retail Store Lease	05-0087	13
14.	Authorization to Issue Request for Interest for the Security Checkpoint Mail Service Lease at SFO and Extend the Current Trial of Security Checkpoint Mail Services with Checkpoint Mailers	05-0088	13
15.	Authorization to Sublease Off-Airport Warehouse Space at 245 Spruce Avenue, So. San Francisco, CA to Andrews Air Corp. as Sublessee	05-0089	13-14
G.	NEW BUSINESS:		14
H.	CORRESPONDENCE:		14
I.	CLOSED SESSION		
	Potential Litigation		14
J.	ADJOURNMENT:		14

AIRPORT COMMISSION MEETING MINUTES
May 17, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President Hon. Michael S. Strunsky, Vice President Hon. Caryl Ito Hon. Eleanor Johns
Absent:	Hon. Linda S. Crayton

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of May 3, 2005 were adopted unanimously.

No. 05-0073

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Selection of Architectural/Engineering Consultant to Provide Design Services for the Redevelopment of the West Field Cargo Area, Phase I

No. 05-0074

Resolution approving the Section Panel's nomination of an architectural/engineering consultant for the Redevelopment of the West Field Cargo Area, Phase I for Contract No. 8226 and authorizing staff to enter into negotiations and prepare a Professional Services Contract for Commission consideration and award.

Mr. Ivar Satero, Deputy Director, Bureau of Planning, Design and Construction, explained that this item requests authorization for staff to enter into negotiations with the highest ranked firm developed through the RFP process to provide specific services related to the development of the West Field Cargo area related to programming and planning the entire West Field Area, Phase 1, Architectural and Engineering Design Services, and Phase 1A, Construction Administration Support Services.

For Programming and Planning, the consultant will be required to develop the facility layouts for the entire West Field area ... a full build-out approach of what it will look like long term and obtain the necessary expertise to develop cargo facilities in order to maximize the use of available space and accommodate existing fleet mixes of cargo aircraft, including the ability to accommodate the Airbus A380 freighter.

During design phase the consultant will provide all of the appropriate and necessary level of expertise for design of the facility. The facility will be required to accommodate technology storage and sortation system technologies that various cargo handlers may use.

This project has also been identified by the Department of Homeland Security as a potential pilot project for the development of new screening and security initiatives for cargo facilities. Our consultant will be required to provide the necessary expertise to support that potential development of new initiatives within the facility.

We have determined, in working with our Engineering staff and Local 21, that there is an opportunity to take advantage of the excellent design staff that we have for airfield design and split the design work so that our in-house staff will design the airside piece of the project of Phase 1 and the consultant staff will design the facility and the landside. Airport staff is well experienced, having done the design for Boarding Areas A and G for the International Terminal, and they are able to support the schedule and provide the necessary resources. Airport staff will be responsible for the apron, the taxiway, the infrastructure, the aircraft servicing infrastructure, and site utilities.

Six firms were identified through an RFQ selection process. Those firms were asked to submit proposals. Two of the six firms joint ventured so five proposals were received in response to the RFP.

A five member panel was convened to review the qualifications of the five proposing firms, interview the key members of the firms, as well as review the competitiveness of the proposed fees.

Following the technical review, HRC staff reviewed the proposals to verify adherence with the DBE subcontracting goal of 20%. They also reviewed any rating bonus that would be provided to the joint venture for DBE participation at the JV level.

All five proposing firms met the 20% subcontracting goal. One firm, URS/Edward

Gee received the 7.5% rating bonus and that was tacked onto their technical score.

The final score determined that URS/Edward Gee was the highest ranked firm and was therefore selected as the firm with which the Airport would recommend proceeding into negotiations for services. HRC staff has reviewed this and concurred with this recommendation.

We believe that URS/Edward Gee is well qualified, experienced and knowledgeable to successfully provide the required services.

Commissioner Ito said that she had previously raised the issue of URS not having sufficient expertise. Mr. Satero at that time explained that with their merger they inherited staff with the appropriate expertise. Now the Commission is being told that our staff can do a better job.

Mr. Satero responded that the URS staff is well qualified to provide all of the services, however, we have determined that we have available staff that is highly specialized with the airside design. They have done it successfully on other projects and they are available. It is an advantage to us and it will help the overall professional services costs and the quality of the documentation. Since they are available to do the work it makes a lot of sense and helps the overall project.

Commissioner Ito asked if URS expected their role to be diminished.

Mr. Satero said that a conversation was held with URS and they understand and support this as a proper approach.

Commissioner Johns noted that if the DBE rating bonus is not included there is a significant difference in the scoring. She asked Mr. Satero to elaborate on the qualifications of the consultants.

Mr. Satero responded that prior to the adjustment the technical scoring was within about 7.5 %. Both firms are extremely well qualified. The fee estimated by URS was much more favorable and they received a higher rating for that. These two firms shined above the rest of the group. We are confident that URS will provide the necessary services.

Commissioner Strunsky asked where we are in fee negotiations. Their success appears to be based on the DBE bonus.

Mr. Satero agreed. The proposals were asked to provide an estimate of their fees and a weight was applied to that portion. The calculator is an analytical result of the scores. URS technically scored below Carter Buigess/HOK but the rating bonus placed them above.

The fee will be negotiated based on the final scope of services that will be spelled out in the Professional Services Agreement.

Commissioner Strunsky said that if a fee cannot be arrived at with URS he would

like to see this returned to the Commission.

Mr. Martin said that staff will return to the Commission.

Commissioner Strunsky told Mr. Satero that he should not hesitate to return to the Commission if he is not making the numbers.

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Domestic Terminals Food and Beverage Redevelopment Program - Award of the Boarding Area "B" Casual Dining and Bar Lease to WSE Group, Inc., and Approval of Premises Relocation under Domestic Terminals Food and Beverage Lease No. 03-0196 for Lady Luck Gourmet

No. 05-0075
No. 05-0076

Resolution approving award of the Boarding Area "B" Casual Dining and Bar Lease to WSE Group, Inc., and approving the premises relocation of Lady Luck Gourmet under Domestic Terminals Food and Beverage Lease No. 03-0196.

Mr. Leo Fermin, Deputy Director, Business and Finance, explained that this item appeared before the Commission at its last meeting. The Commission held this item over and requested that staff attempt to work out a solution that would be win - win for all parties. Subsequently, all of the parties met and reached the solution that is now before the Commission.

Staff recommends that the Commission award a lease to WSE. Then, under the standard "Relocations" provision found in all of the food and beverage leases, the locations would be exchanged. WSE would relocate to the Go Bistro space adjacent to Gate 30. In turn, Go Bistro would move to the WSE space.

This is a fair and workable solution. Go Bistro, being a solo operation, would fare better in the more central space. WSE already has a facility in the central area of Boarding Area B. Having two locations in close proximity provides operational efficiencies not available to an operator with a single location.

Commissioner Ito asked how the lease terms would compare to Lady Luck.

Mr. Fermin responded that they are identical. They are both in the casual dining and bar category with the same percentage rents and the same minimum annual guarantee per square foot structure.

Commissioner Ito noted that Mr. Fermin had previously told the Commission that he did not think that any operator would make their numbers. Now he is saying that a multi-lease operator could handle the ups and downs of that location. She asked Mr. Fermin if he is confident that WSE's experience will make the difference in making a success out of this location.

Mr. Fermin responded that one of WSE's principals has had hands-on experience in operating the bar at Gate 30. They are well versed in the ups and downs of that location.

Commissioner Strunsky commended staff on this solution and said that they should be sent to Washington immediately to help solve the problems there

Item No. 3 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Approval of Proposed Non-Airline Rates & Charges For FY 2005/06

No. 05-0077

Resolution approving the proposed Non-Airline Rates & Charges for FY 2005/06.

Mr. Fermin explained that for the past several years we have kept most non-airline fees flat in an effort to support business at the Airport at a time when passenger traffic had decreased. For the last sixteen months, every month has shown an increase over the same month the prior year. We are now resuming our efforts to gradually recover more of the costs associated with providing services to various users of the Airport. We are proposing fee increases in several areas in which our cost recovery rates are low and no changes in fees in other categories.

First, to recover more of the costs of providing AirTrain service to the Rental Car Center we are proposing that the Transportation and Facility Fee of \$12 per rental car transaction be increased to \$13.50. This new fee will increase our cost recovery rate from 60% to 67% and bring in an additional \$1.3 million per year.

In the Ground Transportation area, we are recommending some increases to per trip fees which would boost some of the cost recovery rates which presently range between 54% - 67% a few percentage points higher. However, we are not recommending any increases to the trip fees for scheduled buses and on-demand vans in order to encourage alternatives to private cars. There is also no increase in the per trip fee for taxis. Additionally, for the vehicle registration fee we are moving from a fee of \$25 per company to \$25 per vehicle. The Ground Transportation trip fee increases will add about \$300,000 to our operation revenues.

With the added costs of the new wastewater treatment plant we are proposing small increases in water and sewer rates which will keep us at full cost recovery for that activity. These proposed new rates are in line with the water and sewer rates charged by cities around the Airport.

We are setting fees for trash compactor use that approximate trash volume put out by the various tenants, and increasing ID badging fees and the custodial costs we charge the international carriers.

Finally, we are not recommending any increases to public and tenant automobile

parking rates, general aviation aircraft parking, cargo buildings 5, 6 and 7, the per passenger security fee, as well as to any of the fees for Airport communications infrastructure use by tenants

Commissioner Strunsky asked if these numbers will compare on a percentage increase basis with the airline rates and charges.

Mr. Fermin responded that they will not. The airline rates are based on a residual basis. After we calculate all of our non-airline revenues, we then set the airline rates. We are targeting to keep the airline rates flat or lower if possible. Our goal is to bring airline cost per enplaned passenger down to \$12 by 2008 and over time we are hoping to get the landing rates and terminal rental rates down as well. This is a very small percentage increase in the overall non-airline revenues we receive, but over time we hope that increases in concession revenues will be the main contributor to reducing airline rates.

Item No. 4 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Modification to Amendment No. 5 of Master Retail/Duty Free Lease No. 99-0035, as Approved by the Board of Supervisors

No. 05-0078

Resolution approving Modification to Amendment No. 5 of Master Retail/Duty Free Lease No. 99-0035, as approved by the Board of Supervisors.

Mr. Fermin explained that last December the Commission approved Amendment No. 5 to the Duty Free lease which extended the cap on the minimum annual guarantee to 40% of sales for one additional year ... calendar year 2005. The DFS lease calls for the greater of a minimum annual guarantee of \$23,490,000 or percentages of sales which increase from 20% to 25% to 30%, at sales thresholds of up to \$50 million, \$50 to \$100 million, and over \$100 million.

The Finance Committee of the Board of Supervisors passed this Amendment to the full Board, but in doing so accepted the recommendation of the Budget Analyst that Amendment No. 5 be modified to state that for calendar year 2005 DFS would pay 40% of all sales, even if such sales pass the MAG threshold and those increments would ordinarily be assessed at the 20%, 25% or 30% rate.

DFS has agreed to this.

Commissioner Ito was curious about the 40% across the board

Mr. Martin said that the chances of this scenario happening are remote, to say the least.

Item No. 5 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Exercise the First of Two One-Year Options to Extend the Marketing Services Contract with The M-Line and Approve the Year 3 Scope of Work and Budget - \$1,000,000

No. 05-0079

Resolution exercising the first of two one-year options and approving the scope of work and budget in the amount totaling \$1,000,000, including a \$500,000 stand along Parking Marketing Program, for the third year of the contract for Marketing Services with The M-Line, a locally owned WBE firm.

Ms. Kandace Bender, Deputy Director, Communications and Marketing, explained that in 2003 the Commission approved a contract with a locally owned marketing firm, The M-Line. The two-year contract had two, one-year options to renew. The scope of work for the original contract had as its main deliverable the creation and execution of a comprehensive marketing plan, specifically to help create a series of marketing programs and initiatives used to recruit new airlines and to create and execute our first advertising campaign in five years. These have both been completed.

It is often difficult to measure the success of a marketing program. What percentage of revenue increases can be attributed to marketing and what percentage to other factors. But in the instance of new airlines, everyone would agree that aggressive marketing to potential new airlines, as well as joint marketing programs, played a significant role in the recruitment of seven new airlines in less than two years.

The fact that most of the new airlines were low fare carriers then enabled us to use low fares at SFO as one of the key messages in our advertising "Good to go" campaign which is currently visible throughout the City.

We are also very pleased that The M-Line facilitated an advertising campaign barter program that enabled us to turn a \$250,000 media buy into \$1.2 million in advertising exposure.

Building on new successes we now plan to turn our attention to other revenue generators at the Airport ... food and beverage tenants and parking. The scope of work for the third year of the marketing contract is to execute specific elements of our marketing promotions for next year such as our food and beverage program, holiday promotions, the start of a website redesign and the start of new advertising partnerships throughout the City.

The biggest chunk of our proposed contract for next year is for the creation and execution of a marketing and advertising campaign to promote parking at SFO. While parking has been returning since 2000 it is not returning at the same pace as our passenger levels. Some of this attributable to BART, for which we are very pleased as we are a Transit First airport, however, we've also lost a significant market share to off-airport parking ... and we want those people back.

Parking last year generated \$50 million in revenue. A \$500,000 marketing and advertising campaign represents only 1% of that amount. We believe that an aggressive marketing and promotional campaign can help increase parking revenue by 5-10% over the next two years.

Ms. Bender recommended approving the first one-year option with The M-Line. This contract is \$500,000 with an additional \$500,000 for a parking marketing advertising program

Commissioner Strunsky asked if we know what the vacancy rate is in the two parking garages west of the International Terminal.

Ms. Bender responded that those numbers fluctuate.

Commissioner Strunsky thought that they could be marketed more strongly as they are serviced by AirTrain.

Mr. Bender agreed

Commissioner Ito said that a concern was raised by an International Terminal tenant who seemed to think that stores in the International Terminal may not have been included in material to be distributed at Terminal 1 information booths

Mr. Martin said that there is no plan to exclude International Terminal tenants. He has always had an open door policy and encouraged tenants to contact him with issues of concern.

Ms. Bender said that she is puzzled as well. We hold monthly meetings with all of our tenants where we talk about issues and their concerns. We would be more than happy to discuss this with them.

* * *

F. CONSENT ITEMS OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 through 15, was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Award of Contract No. 4461 - Airport's Diesel Fuel System Upgrade 2005/2006 Technology, Engineering and Construction - \$297,575.00

No. 05-0080

Resolution awarding Contract No. 4461, Airport's Diesel Fuel System Upgrade 2005/2006, to the lowest responsive, responsible bidder, Technology, Engineering and Construction, in the amount of \$297,575.00.

7. Bid Call - Contract No. 8250 - As-Needed Carpet Repairs

No. 05-0081

Resolution approving the scope, budget, and schedule for Contract No. 8250, As-Needed Carpet Repair, and authorizing the Director to call for bids when ready.

8. Bid Call - Contract No. 8468 - Superbay Hangar Roof Repair

No. 05-0082

Resolution approving the scope, budget, and schedule for Contract No. 8468, Superbay Hangar Roof Repair, and authorizing the Director to call for bids when ready.

9. Modification No. 9 to Professional Services Contract with Gerchick-Murphy Associates to Provide Continued International and Domestic Aviation Development Services

No. 05-0083

Resolution authorizing Modification No. 9 to Professional Services Contract with Gerchick-Murphy Associates to increase the amount by \$120,000 for a new total not to exceed the amount of \$855,000, for continued International and \$297,575.00 Domestic Aviation Development Services; all other terms and conditions of the contract remain in full force and effect.

10. Award of a Professional Services Contract for United States Congressional Legislative Advocacy - Marc & Associates - \$112,500.00

No. 05-0084

Resolution awarding a Professional Services Contract for on-going legislative advocacy in Washington, D.C., to Marc & Associates for the period January 1, 2005 through June 30, 2006 in an amount not to exceed \$112,500.00.

11. Award of a Professional Services Contract for California State Legislative Advocacy - Edelstein & Gilbert - \$75,000.00

No. 05-0085

Resolution awarding a Professional Services Contract for on-going legislative advocacy in Sacramento, CA to Edelstein & Gilbert for FY 2005-06 for an amount not to exceed \$75,000.00

12. Authorization to Solicit Proposals for Commercial Paper Letter of Credit Provider

No. 05-0086

Resolution authorizing Airport staff to solicit proposals for a letter of credit provider in

connection with the Airport's Commercial Paper Program.

13. Authorization to Conduct a Pre-Proposal Conference for the International Terminal Specialty Retail Store Lease

No. 05-0087

Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to conduct a pre-proposal conference for the International Terminal Specialty Retail Store Lease.

Commissioner Ito asked how staff arrived at the three themes.

Mr. Fermin responded that staff tries to look at a balance of merchandise offerings. The functional gadgets concept has proven to be very successful. We have a Brookstone store in the Terminal 3 Hub that is doing very well.

There is a trend in educational software as well as nature theme products. We noted that previously a number of shopping malls have had a number of Discovery-type stores that carried nature products that have done well. Apparel has always been a traditional standby in retail in the airport environment.

Commissioner Ito said that she finds it ironic since Discovery Channel, previously the Nature Company, is moving out of the space. Nature theme stores haven't seen that recovery. The Discovery Channel hasn't recovered that theme either. She asked what staff knew of other nature theme success stories because most of them have filed bankruptcy.

Mr. Fermin said that in informal discussions with representatives of the Discovery Channel he was told that this was a corporate decision regarding the strategic placement of their stores.

Mr. Martin said that we are trying to leave the options fairly broad.

14. Authorization to Issue a Request for Interest for the Security Checkpoint Mail Service Lease at San Francisco International Airport, and Extend the Current Trial of Security Checkpoint Mail Services with Checkpoint Mailers

No. 05-0088

Resolution authorizing staff to issue a Request for Interest for the Security Checkpoint Mail Service Lease at San Francisco International Airport, and extend the current trial of Security Checkpoint Mail Services with Checkpoint Mailers.

15. Authorization to Sublease Off-Airport Warehouse Space at 245 South Spruce

Avenue, So. San Francisco, California to Andrews Air Corporation as Sublessee

No. 05-0089

Resolution authorizing sublease off-Airport warehouse space at 245 South Spruce Avenue, South San Francisco, California, to Andrews Air Corporation as Sublessee at an annual rent of \$220,000.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

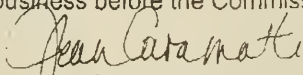
The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:34 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

June 7, 2005

9:00 A.M.

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City and County of San Francisco

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JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
June 7, 2005

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E.		ITEMS RELATING TO ADMINISTRATION OPERATIONS & MAINTENANCE:		
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	6.	Award Contract for U.S. Governmental Relations to Smith, Dawson and Andrews	05-0095	8
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15.	Modification No. 6 to Professional Services Contract with San Francisco Convention and Visitors Bureau for Ongoing Development and Implementation of an International Strategic Marketing Alliance	05-0104	11-12
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19.	Consent to Assignment of Lease from Fung Lum Express, LLC to Fung Lum Express Corp.	05-0108	12
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AIRPORT COMMISSION MEETING MINUTES

June 7, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns

Absent: Hon. Linda S. Crayton

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of May 17, 2005 were adopted unanimously.

No. 05-0090

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito asked for an update on the outreach of media and various organizations for the workshop for retail and passenger service concession opportunities as referred to in a memo to the Commission dated May 31, 2005. She would like to know how many people attended this workshop.

Mr. John Martin, Airport Director, said that he would provide a report.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Designate \$67,721,000 of Passenger Facility Charge ("PFC") Revenues for Payment of Debt Service in Fiscal Year 2005/06 and Apply Amounts Up to \$67,721,000 of PFC Revenues to Airline Rates and Charges as Needed

Resolution designating \$67,721,000 of Passenger Facility Charge ("PFC") Revenues for payment of Debt Service in Fiscal Year 2005/06 and apply amounts up to \$67,721,000 of Passenger Facility Charge Revenues to Airline Rates and Charges as needed.

Mr. Ben Kutnick, Airport Finance Director, explained that the item before the Commission is a designation of \$67,721,000 in PFC revenues pursuant to the Master Bond resolution which authorizes staff to apply up to this amount to debt service to reduce operating costs, which will allow us to reduce our cost per enplaned passenger 8%, from \$15.71 for the current year to \$14.47.

Beginning in 2005/2006 staff plans to start applying PFC revenues to pay-as-you-go capital projects. Next fiscal year we plan to apply approximately \$7.5 million. Over the next five years the total would be \$47.7 million, based on our current five year plan. Should traffic improve beyond what we have included in our five year model, we would be able to shift more PFC revenues to pay-as-you-go capital.

At the next Commission meeting we will request approval to submit an application to the FAA for PFC #4 which provides authorization to the Airport to begin applying PFC revenues to pay-as-you-go capital projects.

Commissioner Strunsky asked if the \$67 million will be figured into the average enplanement costs that we report.

Mr. Kutnick responded that it will. When applied to debt service it has the impact of reducing the operating budget, therefore requiring less revenues from the airlines to balance the budget. It has been instrumental in our ability to reduce the cost per enplaned passenger from over \$20.00 a couple of years ago to \$14.47 next year.

Commissioner Strunsky said that the Commission's original intent was to apply PFC revenues to capital projects but since 9/11 we have had to rethink how this revenue should be applied. This is really a return of \$67 million to the airlines. As traffic returns to normal do we intend to reduce this so that the airlines again pay their fair share of the cost of building our Airport?

Mr. Kutnick responded yes.

We have competing goals. One is to reduce the cost per enplaned passenger to remain competitive with other airports. The other is to use PFCs for "pay as you go" capital projects. Over the next five years we plan to use \$47 million for "pay as you go" capital projects. We would like to use more.

Mr. John Martin, Airport Director, added that when we reach our \$12.00 range goal for cost per enplaned passenger we will then begin to funnel PFC revenues to our capital projects. The \$12.00 range will make us cost competitive.

Commissioner Ito said that a recent memo to the Commission regarding the strategy of using PFC revenues indicated that over the next five years we would apply approximately \$41.8 million for capital use. This request sets aside \$7.5 million. She asked if we are now calculating this annually or looking at the five year capital plan as a total \$41.8 million.

Mr. Kutnick responded that the memo listed \$41 million covering the five years. The numbers keep moving as we plan our budget. We continue to see our enplanements increase so our estimates have improved from \$41 million to \$47 million. The memo also stated that next year we estimated \$6.5 million; we are currently proposing \$7.5 million.

Item No. 2 was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

2. Fiscal Year 2005/06 Airline Rates and Charges

No. 05-0092 Resolution establishing Airline Rates and Charges for Fiscal Year 2005/06.

Mr. Kutnick explained that this item established the airline rates and charges for fiscal year 2005/2006. They are as follows ... terminal rentals are increasing from \$89.66 per square foot to \$90.66 per square foot, a 0.6% increase; landing fees remain flat at \$3.213 per 1,000 pounds of landed weight; and, cost per enplaned passenger is decreasing 7.9%, from \$15.71 this year to \$14.47 next year. This is largely achieved by increases in non-airline revenues of approximately 14%, and an approximate 8% increase in enplaned passengers.

Commissioner Strunsky asked if any major airports in the country today have a \$12.00 enplanement fee.

Mr. Kutnick responded that next fiscal year Seattle/Tacoma will be \$12.17, and Denver International is \$14.30. We are still at the high end and are considered by rating agencies to be a high cost airport.

Commissioner Strunsky asked if those airports are absorbing PFCs into their operating program as we did under the last issue that came before us.

Mr. Kutnick responded that he was not familiar with the details of their rate methodology and how they apply PFCs, however, he will find out.

Commissioner Strunsky wondered if they were using PFCs to reduce their enplanement costs.

Mr. Martin responded that we are not the only airport to do this. Some airports use PFCs as the sole revenue source to pay debt. They sell bonds that are backed only by PFC revenues. He can provide a report with a complete listing.

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Award Contract No. 3560A - Terminal Upper Level Viaduct Improvement
FCI Constructors, Inc. - \$17,448,829.00

No. 05-0093

Resolution awarding Contract 3560A, Terminal Upper Level Viaduct Improvement, to the lowest responsive, responsible bidder, FCI Constructors, Inc., in the amount of \$17,448,829.00.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance, reminded the Commission that this contract will seismically retrofit the upper level roadway in front of Terminals 1 and 2. The contract is partially funded under the Federal Highway Administration, paying somewhere between 69-70% of the total cost of the contract.

Five competitive bids were received. The low bid was 4% below the engineer's estimate and the high bid was 4% above the engineer's estimate. The middle bid was almost exactly the same as the engineer's estimate. The contractor has met the DBE subcontracting goals.

Commissioner Strunsky thought the competitiveness of the bids was very interesting and an indication that the construction market was changing to the benefit of users.

During the Master Plan we had a great track record of not disturbing traffic on-Airport. He hoped that process was reviewed with this contractor.

Mr. Eavis responded that we will work with Operations to insure that construction is as transparent as possible. We will use micro piles which do not require much room, and we will have a 10 foot square to work through. We do not intend to ruin our track record.

Mr. Eavis added that the contractor will work at night unless they can do the work in that 10 foot square. If they can find a machine that can drill piles within that space Operations may let them work during the day.

Item No. 4 was removed from the calendar without discussion.

4. Award Parking Access Revenue Control System Contract to Scheidt & Bachmann
USA, Inc., for \$5,990,117 and Approval of Revised Budget of \$6,000,000 Plus
7-1/2% Contingency (\$450,000)

Resolution awarding Contract No. 8329, Parking Access Revenue Control System Contract (PARCS), to Scheidt & Bachman USA, Inc., for a lump sum amount of \$5,990,117 to purchase and install a new PARCS for all Airport Parking

Facilities in full compliance with the Technical Specifications. Scheidt & Bachman USA Inc. was selected through a competitive RFP process as the top ranked vendor. Approve increase of the previously approved Five Year Capital Plan Budget of \$5,000,000 to \$6,000,000 plus a 7-1/2% contingency (\$450,000) for a total budget of \$6,450,000.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 20, was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Bid Call - Contract No. 8332A - NLA Bridge Modifications

No. 05-0094 Resolution approving the scope, budget, and schedule for Contract No. 8332A, NLA Bridge Modifications, and authorizing the Director to call for bids when ready.

Commissioner Strunsky asked what was meant by a "Modified Group VI Aircraft."

Mr. Martin responded that it's the A380.

6. Award of Contract for U.S. Governmental Relations to Smith, Dawson and Andrews - \$125,000

No. 05-0095 Resolution awarding a Professional Services Contract for a governmental relations program facilitating SFO's interaction with the U.S. Department of Transportation, the Federal Aviation Administration and the Transportation Security Administration to Smith, Dawson and Andrews - \$125,000.

7. Bid Call - Contract No. 8349 - Phased Taxiway Reconstruction

No. 05-0096 Resolution approving the scope, budget, and schedule for Contract No. 8349, Phased Taxiway Reconstruction, and authorizing the Director to call for bids when ready.

8. Bid Call - Contract No. 8352 - Taxiway "F" Reconstruction

No. 05-0097

Resolution approving the scope, budget, and schedule for Contract No. 8352, Taxiway 'F' Reconstruction, and authorizing the Director to call for bids when ready.

9. Bid Call -Contract No. 8351 - Airfield Ponding Improvements, Phase II

No. 05-0098

Resolution approving the scope, budget, and schedule for Contract No. 8351, Airfield Ponding Improvements, Phase II, and authorizing the Director to call for bids when ready.

10. Bid Call - Contract No. 8225B - Airport Perimeter Fencing, Phase II

No. 05-0099

Resolution approving the scope, budget, and schedule for Contract No. 8225B, Airport Perimeter Fencing, Phase II, and authorizing the Director to call for bids when ready.

11. Authorization to Issue a Request for Proposals (RFP) for Contract No. 8118 (FAA) Upgrade of Closed Circuit Television System (CCTV)

No. 05-0100

Resolution authorizing issuance of a Request for Proposals (RFP) for vendors to provide digital video equipment for the upgrade of the Airport's closed circuit television system (CCTV). The Airport will be reimbursed 75% of the costs by the FAA under AIP Grant 26.

12. Modification No. 7 to Information Booth Program Contract - Polaris/TRG Joint Venture - \$722,000

No. 05-0101

Resolution approving Modification No. 7 to the Information Booth Program Contract to allow one (1) additional staffed information booth, the addition of one (1) full-time bilingual Information Booth agent position, and exercise the fourth of four one-year options to renew the modified contract for a total budget not to exceed \$722,000 for the contract year from July 1, 2005 to June 30, 2006.

Commissioner Ito said that this modification includes the hiring of bilingual employees and asked which languages they are targeting.

Mr. Tryg McCoy, Deputy Director, Operations and Security said that everyone

hired has to have at least a second language. We look for Chinese, French, and German. He was not certain of the fourth language. We also have a 24-hour foreign language line.

Commissioner Ito said that she has previously expressed concerns that Japanese tourists are having difficulties. Polaris had also indicated difficulty in finding Japanese translators.

13. Request to Exercise First One-Year Options to Extend the Term of the AT&T Local Services Agreement

No. 05-0102

Resolution exercising the first of two one-year options to extend the term of the AT&T local services agreement for an extension term of September 1, 2005 thru August 31, 2006 in the amount not to exceed the agreement limit of \$9,500,000.

14. Authorization to Issue an RFQ/RFP to Conduct a Competitive Search to Establish a Pool of Qualified Executive Search Firms to Provide Recruitment Outreach for Airport Commission Senior Management Job Openings

No. 05-0103

Resolution approving request to issue an RFQ/RFP to conduct a competitive search to establish a pool of qualified executive search firms to outreach for Airport Commission Senior Management job openings on an as-needed basis.

Commissioner Ito asked if we have hired firms like this before.

Mr. Martin responded that we have done this a number of times in the past ... particularly in the late 1990s when we were having difficulties hiring and retaining staff in the Finance area. A recruitment firm generally has better luck in speaking with individuals regarding their willingness to leave a position rather than an HR person working for the Airport.

Commissioner Ito asked if there had been any objections from the unions. HR functions and duplications are being looked at City-wide.

Mr. Martin said that we will continue to do outreach through the City process. This will be in addition to the job postings we will do through the City process.

Commissioner Johns said it was her recollection that the Purchaser's Office had approved four headhunting firms. One was from Sacramento and several were local. She was curious why the Airport was not using one of those firms.

Mr. Martin responded that the firm we used most recently had a particular

specialization in the airport industry. He preferred to use that type of firm that could reach out to employees in the industry.

15. Modification No. 6 to Professional Services Contract with the San Francisco Convention and Visitors Bureau for the Ongoing Development and Implementation of an International Strategic Marketing Alliance - \$270,000.00

No. 05-0104

Resolution approving Modification No. 6 to the Professional Services Contract with the San Francisco Convention and Visitors' Bureau for the ongoing development and implementation of an International Strategic Marketing Alliance to increase the amount by \$270,000.00 for a new total not to exceed the amount of \$1,817,500.00 and to extend the term from July 1, 2005 through June 30, 2006. All other terms and conditions of the Contract remain in full force and effect.

Commissioner Ito said that a year ago she asked for an accounting of what we receive for this money. The CVB provided her with a copy of their budget but it did not reflect what we are allocating. She was puzzled by the discrepancy and the CVB staff could not explain it.

Ms. Kandace Bender, Deputy Director, Communications and Marketing said that we have instituted a new invoicing system in the last four or five months where we receive a monthly statement from the CVB which outlines the hours they spent working on Airport-related projects as well as a demarcation of the money that goes to our offices in Shanghai and Beijing. She would be happy to provide the Commission with a copy of that information.

Commissioner Ito asked if they have spent all of the money we have allocated.

Ms. Bender responded that she believed that they have. The invoices will break it down.

Commissioner Johns wondered how we came up with the \$270,000.

Ms. Bender responded that that amount was agreed upon in 1998.

Mr. Martin added that the \$270,000 reflects half the cost of the Shanghai and Tokyo offices.

Commissioner Ito said that while it was her understanding we were compensating the Pacific Rim offices, the budget she saw reflected European efforts as well.

Ms. Bender responded that she did not believe so. The work that is done in Europe, Mexico and Australia, etc. is an adjunct to the work that is outlined in this contract and includes going on trade missions and to trade shows. She attended one of these shows in New Zealand in February and the Airport was widely

represented by the CVB in terms of video, brochures, posters, information on BART and the Airport. That is all part of this contract.

16. Exercise Option to Renew Contract with Sam Trans at an Annual Cost not to Exceed \$220,000 for the Fiscal Year July 1, 2005 to June 30, 2006

No. 05-0105 Resolution exercising the second of four one-year options to renew contract with SamTrans to help defray the unrecovered costs of operating the Route 397 Owl Bus Service. The annual cost is not to exceed \$220,000 for fiscal year July 1, 2005 to June 30, 2006.

17. Airport Shuttle Bus Agreement - Adjust the Basic Hourly and Incremental Billing Rates for the Year Commencing January 2, 2005

No. 05-0106 Resolution adjusting the basic hourly and incremental billing rates for shuttle bus service for the year commencing January 1, 2005. Reconciliation of pension and health and welfare payments for Calendar Year 2004.

18. Authorize Staff to Seek, Accept and Expend Funds from Bay Area Air Quality Management District for Clean Air Vehicles

No. 05-0107 Resolution authorizing Airport staff to seek, accept and expend funds from the Bay Area Air Quality Management District to encourage Airport operators to acquire clean air vehicles.

19. Consent to Assignment of Lease from Fung Lum Express, LLC to Fung Lum Express Corporation

No. 05-0108 Resolution consenting to the assignment of International Terminal Food and Beverage Lease No. 99-0292 from Fung Lum Express, LLC to Fung Lum Express Corporation.

20. Memorandum of Understanding (MOU) Providing for the Continuing Operation of the San Francisco International Airport/Community Roundtable

No. 05-0109 Resolution approving the Memorandum of Understanding (MOU) to continue the Airport's 24-Year Membership with the San Francisco International Airport/Community Roundtable.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

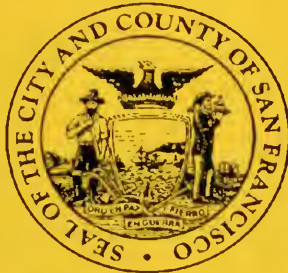
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J. ADJOURNMENT:

There being no calendared business before the Commission the meeting adjourned at 9:24 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

June 21, 2005

9:00 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
June 21, 2005

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		Regular meeting of June 7, 2005	05-0110	4
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	1.	Commendation for Dan Blythe	05-0111	4-5
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	2.	Domestic Terminal Food and Beverage Program		5
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	3.	Authorize Passenger Facility Charge Application No. 4.	05-0112	6-7
	4.	Six-Month Trial for a Technology Products Store with Airport Wireless/palmOne	05-0113	7-8
	5.	Award Parking Access Revenue Control System Contract - Scheidt & Bachmann USA. Inc.	05-0114	8-10
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	7.	Liquidating Kitty Hawk, Inc. Stock by Treasurer's Office	05-0116	11
	8.	Modification No. 5 to U.S. Government Lease for the Transportation Security Administration	05-0117	11
	9.	Amend Previously Approved Specifications for Business Service Center Lease to Add Two Additional Locations	05-0118	11

10.	Settlement of Unlitigated and Litigated Claims for FY 2003/2004	05-0119	11
I.	NEW BUSINESS:		
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AIRPORT COMMISSION MEETING MINUTES

June 21, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:01 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

Absent: Hon. Larry Mazzola, President

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of June 7, 2005 were adopted unanimously.

No. 05-0110

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Commendation for Daniel J. Blythe

No. 05-0111 Resolution commending Daniel J. Blythe for 21 years of service with the Federal Aviation Administration (FAA) at San Francisco Airport.

Mr. John Martin, Airport Director said that Mr. Blythe has been with the FAA for 31 years, 21 of which have been at the SFO tower. It is unusual for us to have a FAA employee before the Commission upon their retirement but Mr. Blythe is an extraordinary individual. He has been a great team player with the Airport and has worked on a wide range of issues, from noise to runway safety to implementation of the Precision Runway Monitoring system, and he was the lead contact with the FAA in working on the A380 preparation. Throughout his career he has shown a calm, determined dedication to insuring a safe and efficient operation for aircraft and a safe operation overall.

He thanked Mr. Blythe for his dedicated service to SFO and wished him well in retirement. He hoped Mr. Blythe will be available from time to time to offer his sage advice.

Mr. Blythe thanked Mr. Martin and the Commission. He said it has been an honor working at SFO and thanked the Commission for this recognition.

* * *

E. DIRECTOR'S REPORTS:

2. Domestic Terminal Food and Beverage Program

Report providing an update on the Domestic Terminal Food and Beverage Program.

Mr. Leo Fermin, Deputy Director, Business and Finance, explained that the Domestic Terminals Food and Beverage Program is coming along well. The Boarding Area F hub food court opened on May 25 and was well received by the traveling public and the media, as were the other facilities which opened earlier.

To date we have met the Program goals. First, we have provided unique, high quality food representative of Bay Area restaurants; second, we have expanded the number of direct leases with DBEs. In fact, last week SFO received the 2005 AMAC (Airport Minority Advisory Council) award in recognition of the DBE success of the Program. And third, we anticipate receiving 40% more in rental revenue in the first full year of this program compared to what we were receiving under the former Master Concessionaire contract. Passengers are spending more on food and beverage than previously (we expect at least \$4.00 per enplanement against the \$2.38 we were receiving), and we expect our tenants' gross sales to reach \$67 million annually compared to about \$48 million previously.

There are several stand alone units which will come on line soon: TGIFriday's, which is pre-security at Boarding Area B, is scheduled to open in mid July; Perry's which is post security at Boarding Area C; and Anchor Steam which is pre-security at the frontal concourse area of Terminal 3. In September, after the summer peak, Go Bistro in Boarding Area B and WSE bar at Gate 30 in B, as well as the new Emporio Rulli Café in the thumb of the F hub will shut down their interim facilities and begin construction of their permanent facilities. The permanent facilities are scheduled for completion in time for the Christmas holidays.

Commissioner Ito congratulated Mr. Fermin and said that the new per passenger expenditure of \$4.00 was impressive.

Commissioner Strunsky said that passengers used to dread getting food at the Airport. Now the choices are more varied and the facilities are light, airy and attractive.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Authorize Passenger Facility Charge Application No. 4

No. 05-0112

Resolution authorizing the Airport Director to submit a fourth Passenger Facility Charge Application No. 4 ("PFC 4") to the Federal Aviation Administration at San Francisco Airport in the amount of \$4.50 per enplaned passenger for "pay as you go" approved Five-Year Capital Plan Projects.

Mr. Fermin explained that this item requests approval for staff to prepare an application to the FAA for PFC #4, which would authorize us to apply PFC monies to capital projects on a "pay as you go basis".

Over the next five years, we expect to apply at least \$47.7 million of PFC money to capital project purposes, but we are seeking authorization to apply as much as \$70 million in case passenger traffic exceeds the 3.7% to 2.9% annual growth rates that we used in our forecasts and we find ourselves with more cash available to use for capital purposes.

We are planning to complete this application process and obtain the necessary Board of Supervisors' approval by February of 2006.

Commissioner Strunsky noted that we are basing this on the idea that our enplanement costs will be about \$14.50 and asked if there will be opportunity, if our enplanement costs go down, to reduce the amount of money going to debt service and move it to capital.

Mr. Fermin said that throughout each year we will be looking at how our non-airline revenue is coming in and to the extent that we can channel more money to capital projects we will do that. We have a goal of reducing the cost per enplaned passenger down to \$12.00 over time, but we don't expect to achieve that immediately. To the extent that we have more passenger traffic than we anticipated, we can manage that process and keep the cost declining gradually while at the same time shifting more money to capital uses.

Commissioner Johns asked if this is the first time staff has asked for a block of money for pay as you go.

Mr. Fermin responded that under PFC #1 we asked for money to reimburse ourselves for capital costs related to the Airfield Development Program, but this is the first time we have asked for capital funding for any other capital projects. We did, however, ask for approval to reimburse ourselves for debt service costs related to the International Terminal equipment systems in Boarding Areas A and G and the main concourse building.

Commissioner Crayton asked what other airports were doing with PFCs.

Mr. Fermin responded that a number of airports tend to use PFCs for paying debt service and operating costs in a variety of ways. According to the way our Master Bond Resolution is written we do not consider PFCs revenue and they cannot be used as operating expenses, including paying debt service, unless authorized by the Commission. Albuquerque, Guam and Orlando airports consider PFCs as if it were concession or parking revenue to be applied to debt service in the ordinary course of business.

There is a second group of airports, like SFO, where the default is to use PFCs for capital project purposes. The governing body must then declare the PFC revenue on a case by case basis to be applied toward debt service. Along with SFO, other airports that have done that in the past are Albany, Austin, Cleveland, Denver, El Paso, Grand Rapids and Providence.

Finally, there are airports that have issued stand alone PFC backed bonds which are not general revenue bonds but bonds whose payments are guaranteed solely by PFC revenue. In that way the cost of the bond debt service is kept out of the airline rates and charges. Boston, Chicago, Fort Lauderdale, Fort Meyers, Little Rock, New Orleans, Palm Springs, Portland, Richmond and Seattle do that.

Commissioner Strunsky asked if \$4.50 is more or less than what other airports are charging.

Mr. Fermin responded that it is.

Mr. Martin added that airports are prohibited from charging more than \$4.50.

Item No. 4 was moved by Commissioner Johns and seconded by Commissioner Crayton. The vote to approve was unanimous.

4. Six-Month Trial for a Technology Products Store with Airport Wireless/palmOne

No. 05-0113	Resolution approving a six-month trial period for a technology products store with Airport Wireless/palmOne for a Base Rent of \$72,000 for the six-month period.
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Mr. Fermin explained that the Bay Area, especially Silicon Valley, is renown for its technology advances, and, considering the technology savvy of many of our passengers, we would like to do a six month trial of a Technology Products Store.

This concept would feature handheld devices such as a personal digital assistant gadget, laptops and accessories such as wi-fi cards, cables, cases, headphones and software.

The six month trial is planned for two locations: Terminal 3, pre-security at the vacated BZinc store and the Technology Showcase space in the finger of the Boarding Area F hub.

Once the trial is completed we will return to the Commission with the results and a recommendation as to whether or not we should proceed with a competitive process for a Technology Store.

Mr. Fermin explained that the Technology Showcase was not a store but rather space used to showcase various products such as Intel's "Use it for a While." The promotional effort has ended and the space is currently vacant.

Commissioner Johns asked what will happen at the end of the trial.

Mr. Fermin responded that staff will evaluate the results to assess demand for this type of a store. If there appears to be a demand, staff will return with a recommendation for a competitive process and a request to hold the trial over on a month to month basis until the competitive process is complete.

Item Nos. 5 and 6 were called together. The items were moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Award Parking Access Revenue Control System Contract - Scheidt & Bachmann USA, Inc. - \$5,990,117.00

No. 05-0114

Resolution awarding Contract No. 8329, Parking Access Revenue Control System ("PARCS") to Scheidt & Bachmann USA, Inc., for a lump sum amount of \$5,990,117.00 to purchase and install a new PARCS at all Airport parking facilities in full compliance with technical specifications. Scheidt & Bachmann USA, Inc. was selected through a competitive RFP process as the top ranked vendor.

Mr. Fermin explained that this item requests approval to award a contract for \$5,990,117 to Scheidt & Bachmann USA Inc. for the procurement and installation of a new parking revenue access control system for all Airport public parking facilities. A competitive procurement process was conducted, four proposals were received and this firm was rated the highest overall by the selection panel. HRC established a 5% DBE subcontracting goal which Scheidt & Bachmann met. They have successfully installed new parking revenue control systems throughout the world, and in the United States at airports in Portland, Phoenix, Seattle, Boston, Raleigh-Durham and Birmingham.

Commissioner Crayton said that the bidders weren't that far apart, although Scheidt & Bachmann was negotiated down to \$5.9 million. She asked if we were going to get caught for additional money for this project.

Mr. Fermin responded that this budget was put together over a year and a half ago without the benefit of a detailed consultant's assessment. During the cost negotiations we were able to get the cost down in several areas: Component pricing ... ticket spitters, gates, cameras, etc. Most of the proposals contained components at retail prices. We were able to get these prices down closer to wholesale pricing. Some of the hourly rates used by various proposers for their staff were on the high side and we were able to negotiate a number of these hourly rates down. Finally, there were aspects of the project, such as the way the concrete sidewalk was to be configured, the bus shelter pads and pedestrian walkway were a little high and changes were made through value engineering and we were able to get those costs down as well.

Commissioner Crayton felt that the 5% DBE participation was rather low.

Mr. Fermin responded that the majority of this project deals with the procurement, manufacture and installation of computerized component systems and most of this manufacturing is done by large equipment manufactures. The DBE piece pertains to cabling work ... pulling cable, providing wiring, and cable supplies.

Commissioner Ito asked if the graduated increase in maintenance reflected cost of living increases.

Mr. Fermin responded that it is the inflationary increase in both salaries and materials costs.

Commissioner Ito asked how this will be an improvement over existing garages in the City.

Mr. Martin said that the pay on foot system is expected to be more efficient and contain better technology than what we see in the City.

Mr. Fermin said that the pay on foot technology is rather old and many of the garages utilizing these machines have had them in place for some time. We will be getting machines that are manufactured today with the latest improvements. Other features will be the "credit card in and out" where a user can swipe a credit card to enter and exit the garage and the charge will automatically be posted to the account. The big feature is the ability to tap into the State's FasTrak system so that people with a FasTrak transponder will be able to enter and exit the garage in a fast lane and have the charge posted to their FasTrak account. Not all garages in the City have these improvements. Finally, we will have a whole new set of CCTV systems where we will be able to monitor all entrances and various areas of the garages for internal control and security. A vehicle license plate reader will be installed to take snapshots of license plates as they enter and exit the garage. This on-going inventory process will help us track locations of vehicles in the garage ... each night license plates will be scanned so that we can map out where vehicles are located.

Mr. Fermin said that we will have traditional cashier booths, pay on foot stations, credit card in and out, as well as the FasTrak system.

Commissioner Crayton said that holidays are peak times and a two hour wait could shut down a garage.

Mr. Martin said that AMPCO has back-up procedures in place in the event of a system failure. We would never hold up people for two hours.

Commissioner Johns asked what the comfort level is with a company that bid \$2.5 million more than the actual award. She has seen this pattern before when we have an engineer's estimate, we negotiate a contract down and then staff returns for more money. She hoped we have a firm agreement and there are no other hidden costs or agendas.

Mr. Fermin responded that we visited this issue with the contractor and confirmed that this cost will be the final contract cost.

Commissioner Strunsky noted that there are three-one year maintenance agreements with modest increases. He hoped that the actual agreement has some control in what happens in year four and thereafter so that the maintenance costs suddenly go to \$1 million a year from \$275,000.

Mr. Fermin explained that we designed this project so that the system was based on open architecture and we will be able to bid the maintenance contract out to whatever qualified firms are out there.

6. Revision of the Five Year Capital Plan Budget for the Parking Access Revenue Control System

No. 05-0115	Resolution approving an increase to the previously approved Five Year Capital Plan budget of \$5,000,000 to \$6,000,000 plus a 7-1/2% contingency (\$450,000) and 9% A.E.&I. (\$540,000) for a total budget of \$6,990,000 for the Parking Access Revenue Control System.
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Mr. Fermin explained that this resolution approves a revised budget for this project based on the negotiated final costs for this contract.

The installation of the new parking revenue control system will be in two phases. The first phase will be part of the conversion of the DD garage to a long term parking garage. This phase is scheduled to be completed by November 30. The second phase will install the new system in the Central and I.T. garages and will be completed by October 2006. This new parking revenue control system will provide many new enhancements which our current, older system cannot support. These enhancements were enumerated in the previous item.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 10, was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

7. Liquidating Kitty Hawk, Inc., Stock by Treasurer's Office

No. 05-0116 Resolution authorizing the sale of Kitty Hawk, Inc., stock and directing the Treasurer's Office to sell the stock on the open market on behalf of the Airport Commission.

8. Modification of No. 5 to U.S. Government Lease for the U.S. Transportation Security Administration

No. 05-0117 Resolution approving Modification No. 5 and authorizing the execution of Supplemental Lease Agreement No. 5 to U.S. Government Lease GS-09B-0130 to extend the term of the lease of space occupied by the Transportation Security Administration and U.S. Visit.

Commissioner Johns asked about the Us Visit program.

Mr. Martin responded that non-U.S. citizens are required to register when leaving the country in addition to the process they go through when entering the country. The U.S. Visit program has kiosks at the International Terminal gates and international passengers swipe their passports through them.

9. Amending Previously Approved Specifications for the Business Service Center Lease to Add Two Additional Locations

No. 05-0118 Resolution approving the amendment of previously approved specifications for the Business Service Center Lease to add two additional locations.

10. Settlement of Unlitigated and Litigated Claims for FY 2003/2004

No. 05-0119 Resolution ratifying settlement of Unlitigated and Litigated Claims for FY 2003/04 amounting to \$24,061.21.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the

Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Patrick Henry Gorman said that he has a solution for enlarging SFO. The landfill option would be an ecological disaster for the Bay. If SFO were enlarged with landfill, once again the tide would distribute the mud and smother the Bay.

He invented, and received a patent (see attached) for a new technology for a floating structure. Such a structure would be installed in the Bay two miles off shore. This 2,000 foot floating runway would move up and down and generate electricity, and would have minimal ecological impact.

This new technology has not happened anywhere yet. It might take a while because he is solo in this endeavor and not part of an engineering company or other professional group. He is a retired shipfitter, Local 6 of the Boilermakers, and was also a trade show installer, Local 510.

This invention shows that there is hope for significant improved runway enlargement at SFO. It will eliminate overhead noise and locate aircraft landings and takeoffs away from human habitation making it safer and quieter for neighborhoods. It will also provide clean electricity.

Commissioner Strunsky thanked Mr. Gorman for his comments and said that it was an interesting idea.

Mr. Gorman said that he tested the concept with a model at Pier 52 and it works.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:37 A.M.


Jean Caramatti
Commission Secretary

(12) **United States Patent**
Gorman(10) **Patent No.:** **US 6,651,578 B1**
(45) **Date of Patent:** **Nov. 25, 2003**(54) **FLOATING STRUCTURES**(76) **Inventor:** **Patrick Henry Gorman**, 828 Arkansas
St., San Francisco, CA (US)
94107-3356(*) **Notice:** Subject to any disclaimer, the term of this
patent is extended or adjusted under 35
U.S.C. 154(b) by 0 days.(21) **Appl. No.:** **10/109,153**(22) **Filed:** **Mar. 27, 2002**(51) **Int. Cl.⁷** **B63B 35/44**(52) **U.S. Cl.** **114/267; 114/261**(58) **Field of Search** **114/261, 262,**
114/264-266, 267; 14/26-28(56) **References Cited****U.S. PATENT DOCUMENTS**

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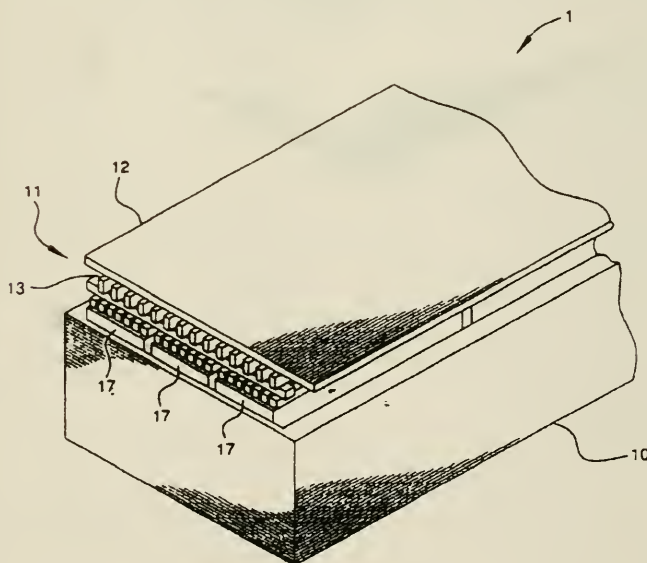
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Primary Examiner—Jesus D. Sotelo(74) *Attorney, Agent, or Firm*—Duane Morris LLP; Robert
E. Rosenthal(57) **ABSTRACT**

Floating structures are provided. The floating structures are suitable for use as floating runways for aircraft, floating roadways, and supports for other facilities. The floating structures include a deck and one or more pontoons attached to the deck. The pontoons, with the deck attached, are caused to float in water contained in a basin, which in turn floats in a body of water. The basin provides damping or isolation of forces due to currents in the body of water, or prevailing winds, to reduce undesired or excessive motion of the deck. The deck supports are preferably capable of limited lateral movement relative to the pontoons, thereby permitting some movement of the pontoons independently and reducing stresses on the structure.

28 Claims, 5 Drawing Sheets

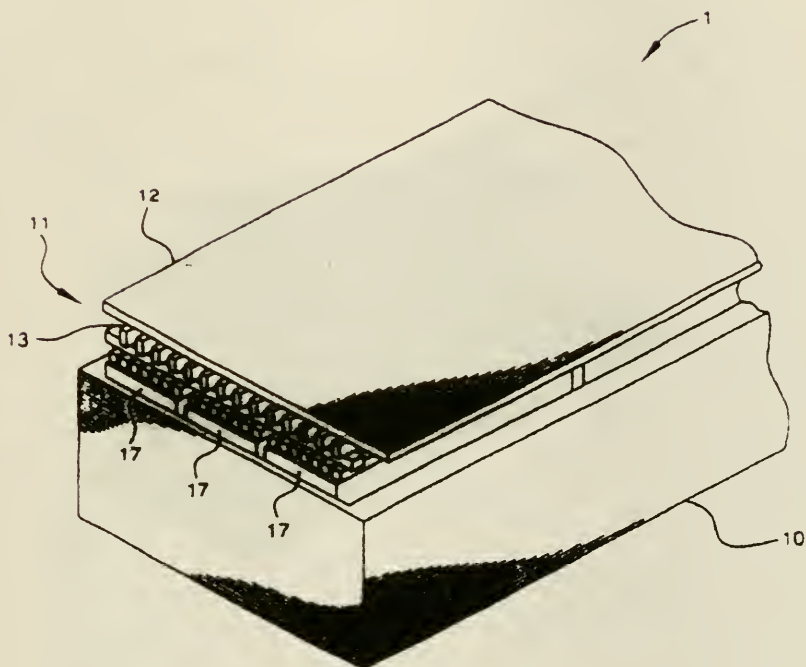


FIG. 1

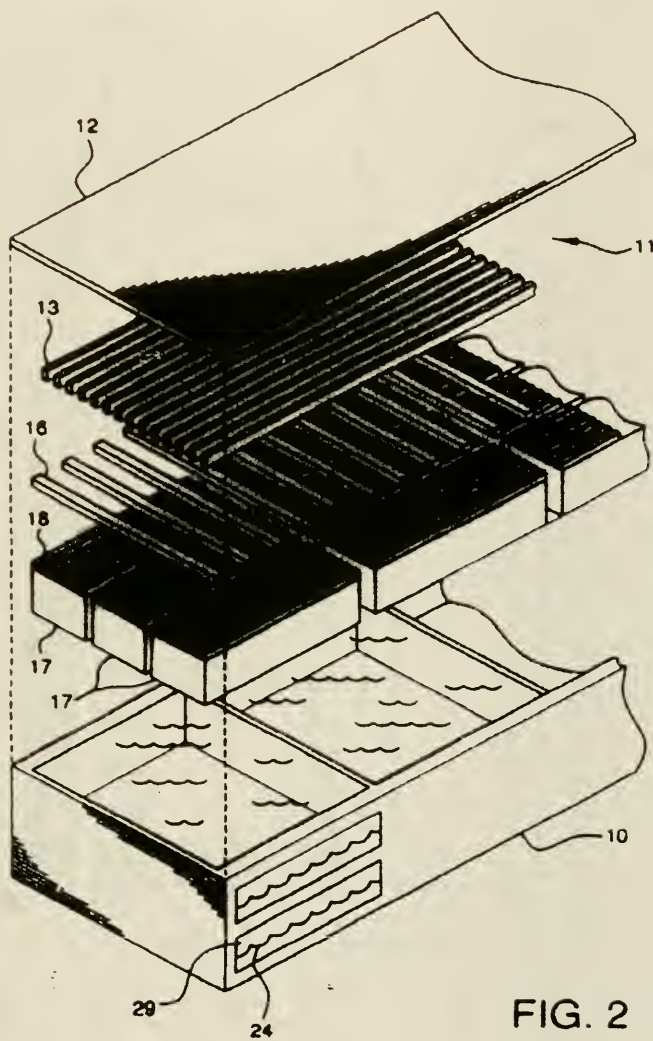


FIG. 2

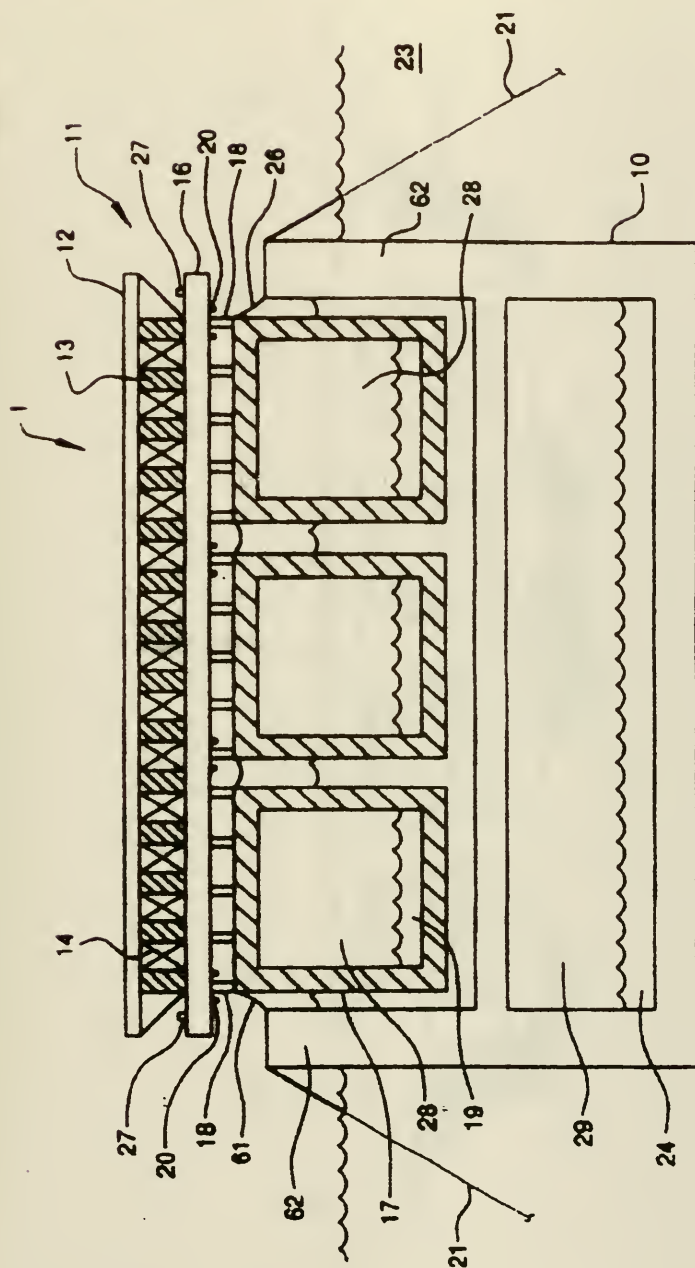


FIG. 3

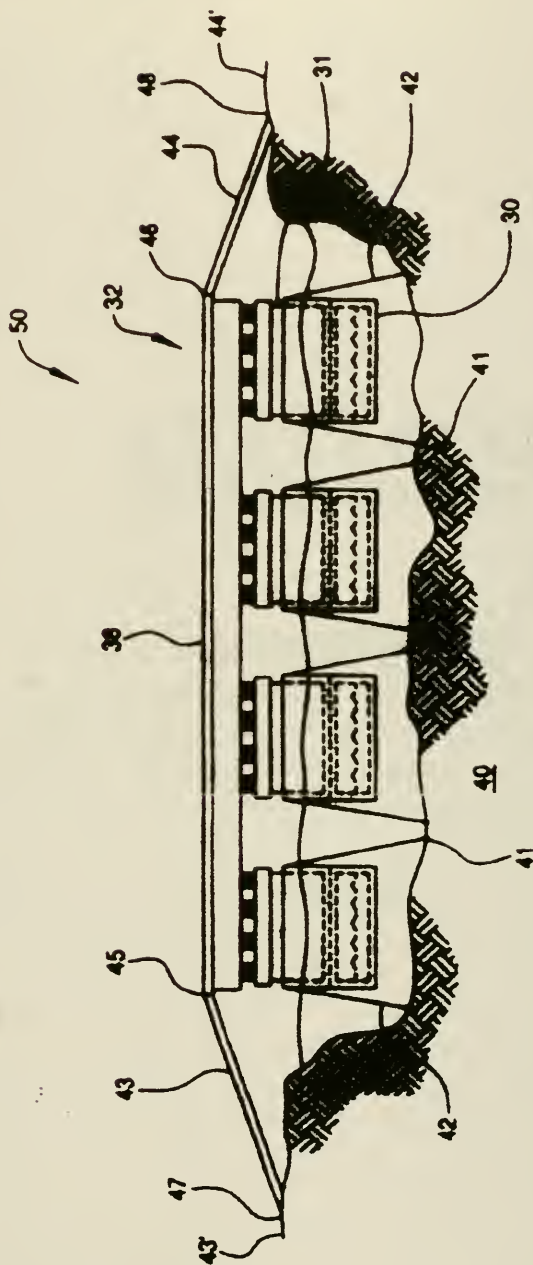


FIG. 4

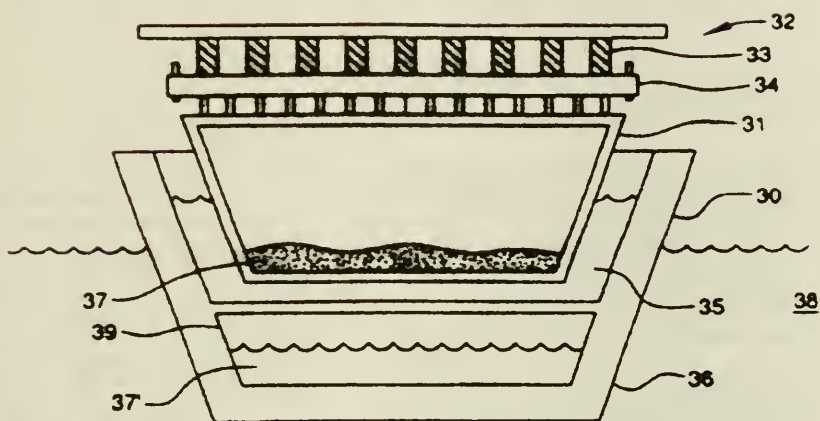


FIG. 5

FLOATING STRUCTURES

FIELD OF THE INVENTION

The present invention relates to floating structures. In particular, the present invention relates to floating structures useful for maintaining platforms supporting airplane runways, bridges, or other structures afloat in bodies of water.

BACKGROUND OF THE INVENTION

Constraints such as shortages of available land when there is a need to locate a structure, either temporarily or permanently, either adjacent to land, or in a large body of water, have led to the development of floating platforms and the like that can support a structure on a body of water. For example, floating runways such as that disclosed in U.S. Pat. No. 5,906,171 provide water-borne surfaces for aircraft to land and take off, similar to surfaces on aircraft carriers. Floating airports, such as that disclosed in U.S. Pat. No. 5,398,635, can further include means for controlling the position of a floating airport by compensating for disturbances to such position by prevailing winds and currents. Complex structures, such as those disclosed in U.S. Pat. No. 5,799,603, have also been developed to provide stability under ocean conditions. According to the disclosure of the '603 patent, energy due to striking waves is partly absorbed by a buoyant load-bearing assembly that includes universal joints and shock-absorbing hydraulic cylinders.

Similarly, floating bridges and roadways have been developed for use in, for example, locations where conventional bridge construction and/or maintenance would be unduly costly or difficult, or where a relatively short bridge span is required. The ability to transport such floating bridges to a site has been facilitated by utilizing foldable walls, as described in U.S. Pat. No. 4,561,576, or by providing an amphibious vehicle that can be equipped with walls and can function as a bridge or portion thereof, as described in U.S. Pat. No. 4,621,385. Such structures, while portable, are apparently somewhat complex.

It will be appreciated that in any geographic area adjacent to bodies of water, where land is scarce or not available for development, floating platforms may be desirable. Development of additional permanent or temporary facilities for manufacturing, power generation, housing or other commercial use may be desirable, but not practical in view of land use policies or community opposition. In the international context, there may be a need for facilities, such as airfields and housing facilities, for military and/or relief efforts, which cannot be located on land because of political and security concerns.

A need remains for floating structures supporting floating platforms suitable for use as aircraft landing strips, airports, roadways, bridges and off-shore facilities. A need also remains for such floating structures that are not subject to some motion caused by waves or water currents as to fail to be functional for their intended purposes. The present invention is directed to these and other objectives.

SUMMARY OF THE INVENTION

One aspect of the invention is a floating structure comprising at least one deck; one or more flotation means attached to and supporting the deck; means for reducing the effects of currents in a body of water on the flotation means; and mooring means for restricting translational motion of

the floating structure. In some embodiments, the means for reducing the effects of currents include ballast means for controlling flotation of the structure in a body of water, and mooring means for restricting translational motion of the floating structure.

A further aspect of the present invention is a floating structure that includes at least one deck having an upper surface and a lower surface; one or more pontoons having an interior chamber, attached to and supporting the deck; and a basin. The pontoon chamber is of sufficient volume to cause the deck, the pontoon and its load to float. The basin contains basin water that surrounds the pontoons, and has an open top, and the pontoons float in the basin water. The basin has a chamber of sufficient size to cause the basin to float in a body of water. Preferably, the basin has a wall sufficiently high to isolate the basin water from the body of water.

In some embodiments, the deck has at least two ends, the ends each being attached to a substantially fixed structure, thereby forming a bridge. Preferably, each of the ends contacts the substantially fixed structure, such that a vehicle may be driven from the deck to the substantially fixed structure.

The basin may have a plurality of walls, or a single substantially cylindrical wall. In some embodiments, the basin wall has one or more gates therein. The gate allows for the passage of pontoons and/or basin water into or out of the basin.

Another aspect of the present invention is a method for providing a floating bridge. The method includes providing one or more floating basins having basin water therein; providing one or more pontoons floating in the basins; providing, on the pontoons, a deck having an upper surface and at least two ends; and attaching each of said at least two ends to a substantially fixed structure, thereby forming a bridge between said fixed structures. In some embodiments, the deck is movable with respect to the pontoons. The floating structure may comprise a plurality of basins, which may contain ballast.

A further aspect of the invention is a method for providing a floating runway. The method includes providing one or more floating basins having basin water therein; providing one or more pontoons floating in the basins; and providing, on the pontoons, a deck for supporting the runway. The deck may be movable with respect to the pontoons.

In some embodiments, one or more basin walls has attached thereto a mooring line. The mooring line may be removably attached to a fixed structure such as a pier.

These and other aspects of the invention will be apparent to one skilled in the art in view of the following description and the appended claims.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 is a simplified partial isometric view of an embodiment of a floating structure in accordance with the invention.

FIG. 2 is an exploded partial isometric view, with partial cutaway, of the floating structure of FIG. 1.

FIG. 3 is a partial sectional view of the structure of FIG. 1.

FIG. 4 is a side sectional view of a portion of an alternative floating structure according to the invention.

FIG. 5 is a cross-sectional view of a the floating structure of FIG. 4.

DETAILED DESCRIPTION

The present invention provides floating structures, also referred to herein as "floating platforms", that are useful for

example, for airports, bridges, causeways, manufacturing facilities, electrical generating facilities, recreational and entertainment facilities, residential structures, waste disposal facilities, and other facilities. The floating platforms are particularly suited for airports, including airport runways, and aircraft landing strips because the structure of the platform reduces the degree of motion caused by conditions such as prevailing winds, currents and tides in bodies of water, as compared to conventional floating structures such as barges and ships. The floating platforms are also particularly useful for bridges between land masses or between fixed or floating manmade structures.

A floating structure as disclosed herein includes at least one deck; one or more flotation means attached to and supporting the deck; and one or more means for reducing the effects of currents in a body of water on the flotation means. The floating structure may also include a mooring means for restricting translational motion of the structure. The flotation means preferably includes one or more pontoons. The means for reducing the effect of currents may be floating enclosed basin.

The floating structures are now described with reference to the drawings, which illustrate preferred embodiments of the invention. In FIG. 1 is shown a simplified partial isometric view of a floating structure 1. FIG. 2 is a simplified exploded partial isometric view of floating structure 1, with a partial cutaway. Floating structure 1 includes, generally, floating basin 10, pontoons 17, and deck 11. Deck 11 is a generally rigid body, has a generally planar horizontal upper surface which includes runway 12, and a rigid lower surface. The lower surface of deck 11 is preferably defined by the lower surfaces of ventral longitudinal ribs or beams 13. Although ventral longitudinal beams 13 are shown in FIG. 2 as separate from runway 12, the separation is only for ease of understanding. In fact, runway 12 and ventral longitudinal beams 13 are preferably integrated in deck 11. Referring specifically to FIG. 3, each ventral longitudinal beam 13 is preferably joined, at least at each end, and optionally at intervals along its length, to the adjacent ventral longitudinal beams 13 by diagonal cables or rods 14, which serve to prevent rotation of longitudinal ribs 13. Pontoons 17 are hollow bodies having an upper surface for supporting a load. Preferably, pontoons 17 have dorsal longitudinal beams 18 integrated into their upper surfaces to provide a load-bearing surface and to transfer the load to upright load bearing walls. Pontoons 17 may also have internal load-bearing vertical beams, walls or similar structures. Bound together by gravity, intermediate pontoons 17 and deck 11 are provided transverse beams 16, which are mounted atop the longitudinal dorsal beams 18 of the pontoons, and upon which ride the longitudinal ventral beams of the deck. The load of deck 11 is transferred to transverse beams 16, which in turn transfer the load to pontoons 17. Ventral longitudinal beams 13 are preferably not rigidly attached to transverse beams 16; rather, ventral longitudinal beams and transverse beams 16 are free to move horizontally with respect to one another, with the range of motion limited by stops 27, for example. The dimensions and locations of stops 27 may be selected to limit the relative movement of the beams as desired. Similarly, transverse beams 17 are preferably not rigidly connected to dorsal longitudinal beams 18, but are movable relative to dorsal longitudinal beams 18 within a range limited by additional stops 27. Alternatively, ventral longitudinal beams 13 and transverse beams 16 may be rigidly connected together; similarly, transverse beams 16 may be rigidly connected to dorsal longitudinal beams 18, so that deck 11 is rigidly connected to pontoons 17. However, deck

11 is preferably movable relative to each pontoon 17. In embodiments wherein deck 11 is movable, stops 27 can be located as desired, to provide a limit to the relative motion of deck 11 on pontoons 17. Deck 11 may be supported on a plurality of pontoons 17. Individual pontoons 17 preferably are not rigidly fixed to one another, but may move relative to one another. Individual pontoons 17 may move relative to deck 11, while still supporting deck 11. This freedom of motion reduces the stress that would otherwise be placed on deck 11 by movement of pontoons 17. Pontoons 17 include a sealed or substantially sealed chamber 20 of a fluid having a density less than that of the fluid in which the pontoon floats. Typically, chamber 20 will be filled with air. The size of chamber 20 sufficient to cause pontoon 17 to float may readily be selected by engineers considering the mass of pontoon 17, the load of deck 11 borne by pontoon 17. Ballast 19 may be included in chambers 20, as illustrated. Alternatively, pontoons 17 may include devices such as ballast tanks (not shown) that allow the degree of submersion of the pontoons 17 to be adjusted. The material of which pontoons 17 are constructed is not critical, and may be any material that can maintain the integrity of chamber 20 and support the portion of the weight of deck 11 borne by the pontoon. The pontoons may be constructed of, for example, reinforced concrete, plastics, composite materials, steel, or other metals. Pontoons 17 are attached to tethers 61, which are in turn attached to wall 63 of basin 10. Tethers 61 restrict the motion of pontoons 17 in basin 10. It will be understood that other structures, such as bladders, padding or the like on wall 63 and/or on sides of pontoons 17 may be employed to restrict the motion of pontoons 17.

Basin 10 is substantially in the form of a container having an open top, and serves to reduce the effects on the pontoons 17 of currents in a body of water 23 into which the flotation means and deck may be placed. Basin 10 has a substantially planar and square base and four generally planar and upright side walls, although other configurations of the base and walls are possible. Basin 10 may contain two or more separate walled chambers 24, as illustrated in FIG. 2. Basin 10 may have a double wall, similar to a double hull of a ship. Basin 10 includes a chamber 29, which is enclosed and of sufficient size that, when filled with air or other selected fluid, to cause basin 10, when filled with water (or other fluid) bearing pontoons floating thereon, to float in the body of water. Chamber 29 may be partially filled with ballast 24, and the volume of ballast in the chamber can be adjusted to control the vertical position of the basin. Alternatively, basin 10 may contain ballast tanks or other structures to adjust the flotation of basin 10. Basin 10 is restricted in its movement by being attached to mooring lines 21, which may be attached to any fixed object of mass substantial enough to remain stationary when basin 10 is moved by currents. Such fixed objects may be pier, pilings, masses of concrete, or other mooring, driven into the floor of the body of water. Mooring lines 21 may be cables or wire, plastic, or other materials, chains of metal or composite, or other high-strength flexible structures and materials. The end of mooring lines 21 at basin 10 may be around driven spools to provide adjustment of the length as desired. In the embodiment shown, the water level in basin 10 is higher than the level of water in the surrounding body of water 23, although it will be understood by one skilled in the art that other variations are possible, wherein the basin water level may be lower than or equal to the level of water in the surrounding body of water. Gates may be provided in the wall 20 for the passage of pontoons 17 into the basin 10.

In FIG. 4 is shown a side sectional view of an embodiment of a floating structure 30 including a roadway. The floating

structure includes basins 38, pontoons 31, and a deck 32. Deck 32 is a rigid body having a horizontal, planar upper surface, and has thereon a roadway surface 36, and two end sections 43, 44. The roadway surface 36 may be paved or covered with any suitable material such as asphalt, gravel, concrete and the like. The floating structure is located in a body of water having a bed 40, in which are buried mooring anchors 41 attached to mooring lines 42. Mooring lines 42 have associated therewith devices for adjusting the length of mooring lines 42, which devices may be driven spools. Each end section 43 and 44 of the floating structure contacts land 43 and 44 respectively. End sections 43, 44 are preferably rotatably movable at their connections to deck 32, at 45, 46, and rotatably and slidably movable at their connections to the land, at 47, 48. This permits slight movement of deck 32 in response to movement of basins 30 that is transmitted to pontoons 31. However, because movement of basins 30 is not directly transmitted to pontoons 31, movement of deck 32 is minimized.

Referring to FIG. 5, deck 32 integrally contains and is supported by vertical longitudinal beams 33, which in turn are supported by transverse beams 34. Transverse beams 34 not only support the longitudinal beams atop the pontoons 31. Basin 30 is similar to basin 10 of FIG. 1, and contains basin water 35, with pontoon 31 floating therein. The design of basin 30 may include the alternatives discussed above with respect to basin 10. The water level of basin water 35 is higher than that of the body of water 38. In the embodiment shown, the basin has a double wall 36. Basin 30 has a sealed chamber 39 containing air or other suitable fluid to provide flotation and ballast 37 located therein. Pontoon 31 has a sealed chamber, with ballast 37 therein for adjusting flotation. It will be understood that pontoons 31 may be fixed with respect to deck 30, or may have a range of motion, thereby reducing stresses on deck 30.

The present invention also provides a method for providing a floating bridge. The method includes providing one or more floating basins as discussed above, having basin water therein; providing one or more flotation means, such as pontoons, floating in the basins; and providing on the pontoons a deck. If desired, the floating bridge may be assembled in a first location and transported to a second location for use. Basins may be provided with basin water at a first location, have one or more pontoons placed in the basin water and secured, and be transported to a second location. During transport, the basins may be temporarily attached together, by ropes or chains, which would then be removed at the second location. During use, basins 30 may be moved together by mooring lines such as ropes or chains, as well as individually moored to mooring devices such as piles or concrete masses buried in the floor of the body of water. A deck may be fabricated at another location and transported to the bridge location, such as by barge, or may be assembled at the bridge location. The deck is placed on the pontoons. A load transfer means, such as transverse beams of the above embodiments, may be provided intermediate the deck and the pontoons. The deck may be positioned so that slope on the deck and/or pontoons restrict the relative motion of the deck and pontoons. End sections are secured between the ends of the decks and the land. Alternatively, the end section may be a section of elevated roadway that suitably contacts deck 32. End sections 43, 44 may be fabricated together with deck 32 at a remote location, and may be maintained in a retracted or rotated position on deck 32 until such time as it is desired for the end sections to complete the roadway. The deck may have been previously provided with a roadway surface, or a suitable surface may be added after placement of the deck on the pontoons.

Also provided according to the invention is a method for providing a floating runway. The method includes providing one or more floating basins 10 having basin water at level 22 therein; providing one or more flotation means, such as pontoons 17, floating in the basin 10; and providing on the pontoons a deck 11 for supporting a runway 12. Load transfer means, such as transverse beams 16, may be provided intermediate deck 11 and pontoons 17. The basins may be fabricated at a remote location and floated to a runway location and secured by mooring lines. The pontoons may be placed in the basins either at the runway location or previously. When the basins are properly positioned, load transfer means are placed on the pontoons, and a deck is placed on the load transfer means. A runway surface may have been previously provided on the deck, or may be added after placement of the deck on the pontoons.

As discussed hereinabove, a preferred means for reducing the effects of currents in a body of water on the floating structures described herein includes a basin. The basin floats in a body of water such as a river or ocean, and provides isolation of the deck from currents in the body of water. Basins 10, 30 may contain basin water completely isolated from water in the surrounding body of water. Alternatively, the side walls of basins 10, 30 may contain one or more through holes, so that the basin water flows in and out of the surrounding body of water. This reduces the load borne by the floating chambers in the basin. Flotation of the pontoons in a basin rather than directly in a body of water, such as a bay, river or ocean, provides reduction of effects, such as stress, imposed on the pontoons by forces such as wind or currents as compared to the stress exerted by such forces on a pontoon floating directly in a body of water. This reduces the motion of the deck. The basins may be moored in the body of water. Furthermore, while moored, the basin preferably maintains some freedom of motion. The motion can reduce or dissipate force exerted on the basin, such as by wind or water currents.

If it is desired to move the floating structure, the mooring lines of the basins may be disconnected from the stationary structures. The floating structure as a whole may then be transported by water to a new location. The deck may alternatively be removed, moved separately, such as by barge, to the new location, and replaced on the pontoons at the new location. The deck may be moved in a single section or divided into several sections at the time of removal, and then reassembled at the new location.

In preferred embodiments, the basin has a floor and one or more walls made of sturdy construction materials known in the art, such as, for example, reinforced concrete or steel. In some applications, preferred materials may be resistant to destructive effects such as corrosion, rust, dissolution, decay and breakage. However, the nature of the material or materials employed for the basin is not critical, and suitable criteria may be developed by one of skill in the art for the selection of appropriate material(s). The basin may have four walls and be square or rectangular. However, basins having other shapes may be acceptable or desirable for esthetic or functional reasons. For example, the basin may be substantially cylindrical, having one circumferential upright side wall. The floating structure may include a single basin, or multiple basins.

The preferred depth of a basin for use in accordance with the floating structures described herein is determined, in part, by the weight of the deck and any structures on the deck and flotation means, such as pontoons, and is sufficient to accommodate variations in buoyancy of the deck but sufficiently shallow to allow anchoring of the deck if desired.

The basin may have attached to it one or more mooring lines. For example, a rectangular or square basin may have four mooring lines, one attached at each corner. The mooring lines may be attached to a fixed, non-water borne, structure, such as a pier, or may, as an opposite end, be embedded in concrete and/or be buried in the floor of the body of water. The mooring lines may be removably attached to the basin and/or the fixed structure. The length of the mooring lines is preferably adjustable, and is sufficient to allow the basin to move in response to external forces such as prevailing winds and currents, thereby damping, and preferably substantially absorbing such forces and minimizing their effects on the deck. A driven spool mounted on the basin and associated with each of the mooring lines may be employed to adjust the length of the mooring lines. Alternatively to, or in addition to, mooring lines, the basin may have an anchor affixed thereto.

The basin has walls sufficiently high to isolate the basin water contained therein from the body of water in which the basin floats. The walls of the basin may have one or more gates that can be opened to allow passage of the deck and pontoons into and out of the basin. The gates are preferably made of the same as or a similar material to the material of the walls, and preferably provide a substantially watertight seal when closed. The gates may open and close by hinges, or may open by being withdrawn into a void in the wall appropriately sized to accommodate the gate. Opening and closing of the gates is accomplished with a motorized drive or conveyor device.

The basin preferably includes one or more devices such as ballast tanks or containers that allow the degree of submersion of the basin to be adjusted.

The deck has at least one level comprising an upper surface and a lower surface. The upper surface may have one or more structures constructed thereon, such as one or more buildings, scaffolding, walls, and the like. If the structure is used as a runway, then the upper surface comprises one or more runways suitable for landing and takeoff of commercial, military, and/or private aircraft. The runway can be constructed using methods and technology known in the art. The uppermost surface of the deck is of a size sufficient to accommodate aircraft of the size and nature to be landed on the runway. For example, a runway may be about 100 meters wide or more, and about 1000 meters long or more. In addition to the runways, one or more service buildings may be on the upper surface of the deck. The deck supporting a runway is preferably supported on a plurality of basins, which may be arranged in one or more lines in a body of water. The use of multiple basins permits each basin to move independently in response to varying currents in the body of water. The movement of the pontoons in the basins, and the freedom of movement of the deck with respect to each of the pontoons, permits the basins to move independently of one another, within a limited range, without placing stresses on the structure of the deck.

In some embodiments, the floating structure includes two or more decks, including a top deck and one or more additional decks below the top deck. In embodiments in which the floating structure has more than one deck, the uppermost surface of the top deck can include a runway, and one or more lower decks can accommodate structures such as ticketing areas, administrative offices, storage, decks for accommodating ships transporting supplies and removing trash and other waste, baggage handling and sorting areas, waiting areas, shops and restaurants, and the like. If the floating structure has industrial facilities, such as manufacturing or power-generation plants, the structure may include

manufacturing buildings, warehouse structures for supplies and/or finished goods, office space, and waste treatment and storage facilities for example. A power generating facility may be linked by high tension wires on supports on individual smaller floating platforms intermediate the power generating facility and the shoreline, or on a permanent or floating bridge or causeway. In embodiments in which the floating structure includes a roadway, the structure can have two decks, thus providing two road surfaces for use by, for example, vehicles traveling in opposite directions. In the embodiment of FIG. 3, in place of or in addition to a roadway, the upper surface of the floating structure may include a supporting roadbed and tracks to accommodate rail transit, such as light rail or trains. It will be appreciated that a wide variety of structures may be accommodated on the decks of the disclosed floating structures, and that the foregoing are merely exemplary.

Although the invention has been described in terms of exemplary embodiments, it is not limited thereto. Rather, the appended claims should be construed to include other variations and embodiments of the invention, which may be made by those skilled in the art without departing from the scope and range of equivalents of the invention.

What is claimed is:

1. A floating structure comprising:
at least one rigid deck;
one or more pontoons having an interior chamber, said one or more pontoons attached to and supporting said deck, said chamber being of sufficient volume to cause said deck and said one or more pontoons to float; and
a basin containing basin water and having an open top, said one or more pontoons floating in said basin water surrounding said one or more pontoons, and said basin having a chamber of sufficient size to cause the basin to float in a body of water, and said basin having a wall sufficiently high to isolate the basin water from the body of water said pontoons having horizontal freedom of motion relative to said basin wall.
2. The floating structure of claim 1, wherein said deck comprises a generally horizontal and planar upper surface.
3. The floating structure of claim 1, comprising a plurality of basins, each of said basins having therein at least one of said pontoons.
4. The floating structure of claim 1 wherein said basin is moored to a fixed structure.
5. The floating structure of claim 4 wherein said fixed structure is a pier.
6. The floating structure of claim 1, wherein said pontoons further have rotational freedom of motion relative to said basins.
7. A floating structure comprising:
at least one rigid deck;
one or more flotation means attached to and supporting said deck;
means for reducing the effects on said flotation means of currents in a body of water, said flotation means having horizontal freedom of movement relative to said means for reducing the effects; and
mooring means for restricting translational motion of said structure.
8. The floating structure of claim 7, wherein said deck comprises a generally horizontal and planar upper surface.
9. The floating structure of claim 7, wherein said means for reducing the effects on said flotation means of currents in a body of water comprises a plurality of basins.
10. The floating structure of claim 7 wherein said floating structure is moored to a fixed structure.

11 The floating structure of claim 10 wherein said fixed structure is a pier.

12 The floating structure of claim 7, wherein said pontoons further have rotational freedom of motion relative to said basins.

13 A method for providing a floating runway, comprising:
providing one or more floating basins having basin water therein;

providing one or more pontoons floating in said basins, each of said pontoons having horizontal freedom of motion relative to said basins; and

providing on said pontoons a deck for supporting said runway.

14 The method of claim 13 wherein said basin is moored to a fixed structure.

15 The method of claim 14 wherein said fixed structure is a pier.

16 The floating structure of claim 13, wherein said pontoons further have rotational freedom of motion relative to said basins.

17 A method for providing a floating runway, comprising:
providing one or more floating basins having basin water therein,

providing one or more pontoons floating in said basins; and

providing on said pontoons a deck for supporting said runway, wherein said deck is movable with respect to said pontoons.

18 A method for providing a floating bridge, comprising providing one or more floating basins having basin water therein; providing one or more pontoons floating in the basins; providing, on the pontoons, a deck having at least two ends; and attaching each of said at least two ends to a substantially fixed structure, thereby forming a bridge between said fixed structures.

19 The method of claim 18 wherein said deck is movable with respect to said pontoons.

20 The method of claim 18 wherein said fixed structure is a land mass.

21 The method of claim 18 wherein said fixed structure is a pier.

22 A method for supporting a rigid deck, comprising the steps of providing one or more floating basins having basin water therein, supporting a load of said deck fully by displacement of said basin water, wherein said deck has freedom of motion relative to lateral motion of said basins.

23 A floating structure, comprising:

one or more rigid decks,

one or more floating basins having basin water therein, a load of each of said rigid decks being fully supported

by displacement of said basin water, wherein at least one of said decks has freedom of motion relative to lateral motion of said basins.

24 A method for supporting a rigid deck, comprising the steps of providing one or more floating basins having basin water therein, supporting a load of said deck fully by displacement of said basin water, wherein said deck has freedom of motion relative to rotational motion of said basins.

25 A floating structure, comprising:
one or more rigid decks,

one or more floating basins having basin water therein, a load of each of said rigid decks being fully supported by displacement of said basin water, wherein at least one of said decks has freedom of motion relative to rotational motion of said basins.

26 A floating structure comprising:
at least one rigid deck;

one or more pontoons having an interior chamber, said one or more pontoons attached to and supporting said deck, said chamber being of sufficient volume to cause said deck and said one or more pontoons to float; and a basin containing basin water and having an open top, said one or more pontoons floating in said basin water surrounding said one or more pontoons, and said basin having a chamber of sufficient size to cause the basin to float in a body of water, and said basin having a wall sufficiently high to isolate the basin water from the body of water, wherein said deck is movable with respect to said pontoons.

27 A floating structure comprising:
at least one rigid deck;

one or more flotation means attached to and supporting said deck,

means for reducing the effects on said flotation means of currents in a body of water; and

mooring means for restricting translational motion of said structure, wherein said deck is movable on said flotation means.

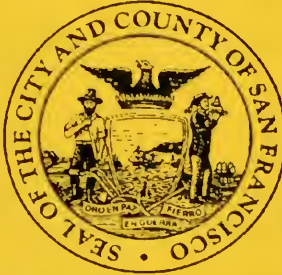
28 A method for providing a floating runway, comprising providing one or more floating basins having basin water therein;

providing one or more pontoons floating in said basins, and

providing on said pontoons a deck for supporting said runway, wherein said upper surface comprises a runway for aircraft.

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A.		CALL TO ORDER:		4
B.		ROLL CALL:		4
C.		CLOSED SESSION:		4
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		Potential Litigation:		
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AIRPORT COMMISSION MEETING MINUTES

July 5, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Michael S. Strunsky, Vice President
	Hon. Linda S. Crayton
	Hon. Caryl Ito
	Hon. Eleanor Johns

* * *

C. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:02 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a)(1) to confer with legal counsel regarding the settlement of litigation entitled City and County of San Francisco v. George Q. Chen, Adversary Case No. 03-3713 DM; and Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:33 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

D. ADOPTION OF MINUTES:

The minutes of the regular meeting of June 21, 2005 were adopted unanimously.

No. 05-0120

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Strunsky commended Commissioner Mazzola on his position regarding BART's rent to the Airport. He understands BART's problems but at the same time the Airport made a deal and that deal should be adhered to. If we back off from that position with BART, or with anyone, we could take this Airport right down the tubes.

Commissioner Mazzola agreed that we really have no other choice.

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Authorization for the Airport Director to Take All Actions Necessary in the City's Resolution of U.S. Department of Transportation Audit SC-2004-038

No. 05-0121

Resolution authorizing the Airport Director to take all actions necessary in furtherance of the City Controller's resolution of the March 31, 2004 U.S. Department of Transportation Report on Revenue Diversion.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Award Professional Services Agreement, Contract 8226 - Redevelopment of the West Field Cargo Area, Phase 1- URS/Edward J. Gee Associates Joint Venture - \$2,132,601

No. 05-0122

Resolution awarding Professional Services Agreement, Contract 8226, Redevelopment of the West Field Cargo Area, Phase 1, to URS/Edward J. Gee Associates Joint Venture, in the amount of \$2,132,601 to provide programming/planning, architectural and engineering services.

Mr. Ivar Satero explained that this item requests award of a professional services agreement with URS/Edward J. Gee Joint Venture to provide for planning and programming services for the West Field Cargo area as well as Phase 1 A and E services through to project close-out and completion.

The consultant will provide the planning and programming phase services for the entire West Field area and through that process develop a matrix of all stakeholder and facility requirements and site constraints. The consultant will

also develop the conceptual design report capturing all of the information and identifying various alternatives for full build of the site and will provide cost estimates for those various alternatives. Through the process they will also develop design criteria. The consultant will also provide full engineering and architectural design services for Phase 1, along with C.A. services for Phase 1A through to project completion and closeout.

Phase 1 consists of two buildings of Phase 1A consisting of 88,000 square feet of cargo space and Phase 1B consisting of approximately 50,000 square feet of cargo space along with a proportionate amount of office space for tenants.

The consultant will be required to coordinate the design with Airport design staff. The Airport will design the airside ... the apron, aircraft parking areas, taxiway and site utilities. The consultant will have the obligation of coordinating that work and developing the full bid package for the construction of Phase 1A.

The award amount is within the overall budget established for design services, Phase 1. Funding will be provided from the Airport's Five Year Capital Improvement Program.

The consultant has committed to meeting the 20% DBE subcontractor participation goal, which has been reviewed and approved by the HRC.

Commissioner Ito asked if we have received updated guidelines for security requirements for this facility.

Mr. Satero responded that they haven't received any guidance nor is there any specific direction. The consultant will meet with the Transportation Security Administration (TSA) and the Department of Homeland Security (DHS) and help develop those guidelines.

Commissioner Ito assumed that absent that kind of direction, there could be changes to the design and requirements and noted that the budget included built-in costs for potential changes.

Mr. Satero responded that there is a budget for security improvements. It is an unknown at this time because we don't know what direction they will be taking. We may return to the Commission depending on the scope of what the TSA develops. As part of their base contract obligation they will engage the proper security consultant to help develop the program.

Mr. Martin added that we intend to work with the TSA in developing a model for cargo security, using this building as a model. We may well be setting the new standard with this building. The TSA is not in a position at this time to issue specific guidelines. We want to try to stay ahead of the curve.

Commissioner Ito asked who is the security expert among their subcontractors.

Mr. Satero responded that the security expert was not listed as a subcontractor.

Mr. Martin said that staff, together with our consulting team, New Age Security, (the former head of Ben Gurion Airport security) in partnership with a firm leading a study for the Airport, has received the best information and has the best expertise available. We have been working with this design team on security and we don't feel that we need to bring a new kind of expertise to this project. If we feel that there is a very narrow area where we need to bring someone new in to support us, we will do that.

Commissioner Johns asked if this is the contract over which we had a problem with DPW.

Mr. Satero responded that it is, however, the issue has been resolved, along with other Local 21 issues relating to construction management services. Some of the work is being done in-house by our design staff. We will be returning to the Commission for a Construction Management Services contract in the future.

Commissioner Strunsky noted that this portion of the fee represents 7.1% of the Phase 1A /1B construction cost estimate. If the construction cost estimate is broken down by what is being designed by this firm and what is being designed by the City, that is fine. If this is 7.1% of the conglomerate of the two and we still have the design costs of the City to pay, then we should look at this again.

Mr. Satero responded that the 7.1 is assessed directly against the scope that this consultant will design, which will amount to about \$25.2 million in construction costs. It does not include the apron, airside or site utilities.

Commissioner Strunsky noted that we should be making room for at least one A380. Their sales are indicating that cargo rather than passenger use will be bigger for this aircraft.

Mr. Satero responded that we will be able to handle at least one A380 position.

Commissioner Crayton asked what percentage of this contract Local 21 will receive.

Mr. Satero responded that there is no City involvement in this contract amount, however, in the broader budget for Phase 1, there is City involvement. This scope has been reduced to accommodate the City component.

Item No. 3 was removed from the calendar without discussion.

3. Approve Additional Funding Authorized by the Board of Supervisors in the Amount of \$1,034,911.00 for FY 2005/06 Budget

Resolution accepting funding authorized by the Board of Supervisors in the amount of \$1,034,911 for FY 2005/06 for three add-back items:

1. Additional three (3) months salary for new 0941 Manager VI position (\$42,531.00);

2. Art acquisition for Airport Museums (\$600K); and
3. Allocation of cost for the development of new City-wide payroll and Budget systems (\$392,380.00).

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

4. Award of Contract No. 8426 - Building No. 670 Re-roof

No. 05-0124 Resolution awarding Contract No. 8426, Building No. 670 Re-roof to the lowest, responsive, responsible bidder.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that in May, 2005 the Commission approved a bid call for Contract 8426, Building No. 670 Re-roofing. Building 670, the former Host Commissary, now houses the Museum staff and the permanent exhibits.

Four bids, ranging from \$519,000 to \$696,000, were received last Thursday. We are reviewing those bids with HRC to determine if they are responsive. This resolution seeks to give the Director the authority to award the contract up to \$530,000 to the lowest responsive, responsible bidder.

It appears there may be a problem with the lowest bidder as they do not meet the DBE subcontracting requirements. However, the HRC is reviewing their good faith efforts.

Due to the value of the artwork housed in this building, we would like to get this work done by the rainy season.

Commissioner Johns asked if we would have a commitment that once the work began that it would be done by the rainy season.

Mr. Eavis responded that this is a 60 day contract and we will have at least a one month buffer before the rainy season begins ... generally late October. We would have adequate time if the contract begins in the next month or so.

Commissioner Crayton asked if this work would cause any disruption to traffic.

Mr. Eavis responded that this building is located approximately one mile from the terminals. There will be no disruption to traffic.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 10, was moved by Commissioner

Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

5. Amendment to the 1991 Master Bond Resolution to Provide for a Debt Service Holding Fund to be held by the Bond Trustee

No. 05-0125 Resolution amending the 1991 Master Bond Resolution for a Debt Service Holding Fund.

6. Approval of Requirements and Authorization to Conduct a Pre-bid Conference for the Security Checkpoint Mail Service Lease

No. 05-0126 Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to conduct a pre-bid conference for the Security Checkpoint Mail Service Lease at San Francisco Airport.

7. Exercising a One-Year Option to Extend the Agreement Between the County of San Mateo and the City and County of San Francisco Subsidizing Childcare Services - \$250,000

No. 05-0127 Resolution exercising the second of four one year options to extend the Agreement to June 30, 2006 between the County of San Mateo and City and County of San Francisco, guaranteeing revenue for childcare services up to \$250,000.

8. Adjustment to Airport Rates and Charges for Fiscal Year 2005/06

No. 05-0128 Resolution establishing Airport Rates and Charges Adjustments for FY 2005/06.

9. Acknowledgment of Gift - Police Department's K-9 Unit

No. 05-0129 Resolution acknowledging and expressing the Airport's gratitude for the gift of \$25,000 to the San Francisco Police Department - Airport Bureau to establish "Clyde's Fund" for the San Francisco Police Department - Airport Bureau K-9 Unit for the betterment of the animals

10. Grant Funding for Ground Transportation Interns

No. 05-0130 Resolution authorizing Airport Director to seek,

accept and expend \$50,000 from the Federal Transit Administration's Transit Professional Development Program through CalTrans and the Metropolitan Transportation Commission to hire upper-division undergraduate or graduate transportation students as interns for the Fiscal Year commencing July 1, 2005.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:50 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

August 2, 2005

9:00 A.M.

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Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
August 2, 2005

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	2.	Additional Funding Authorized by Board of of Supervisors in the Amount of \$1,209,911 for FY 2005/2006 Budget	05-0134	5-9
	3.	Award Contract 8235S - Food & Beverage and Retail Wayfinding Signage at Terminals 1 and 3 - Fluoresco Lighting & Signs Maintenance Corp.	05-0135	9-10
	4.	Authorization to Issue Request for Proposals for Construction Management Services for Various Airport Projects	05-0136	10-11
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	6.	Approve SFOTEC Licensing Equipment Maintenance and Operating Agreement	05-0138	12-13
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13.	Adjust Scope of Work for Tenant Demolition Credits for the Domestic Terminals Food & Beverage Redevelopment Program	05-0145	15-16
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	Potential Litigation	18-19

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AIRPORT COMMISSION MEETING MINUTES

August 2, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Michael S. Strunsky, Vice President
	Hon. Linda S. Crayton
	Hon. Caryl Ito
	Hon. Eleanor Johns

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of July 5, 2005 were adopted unanimously.

No. 05-0132

* * *

D. ANNOUNCEMENT BY SECRETARY:	Unanimous adoption of Resolution No. 05-0131 regarding the settlement of litigation entitled City and County of San Francisco v. George Q. Chen in the amount of \$113,800 at the closed session of July 5, 2005.
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* * *

E. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

1. Retirement Resolution for Ms. Rosenda M. Jardin

No. 05-0133	Resolution thanking Ms. Rosenda M. Jardin for 29 years of faithful service with the City and County of San Francisco.
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Mr. John Martin, Airport Director, said that Rosenda Jardin has been a senior accountant in the City for 29 years, 28 of which have been with the Airport. He

has known Rose since his first week at the Airport so he has a real affection for her. She has done a great job in promoting revenue generation statistical reporting and implemented a number of automated systems for reporting aviation traffic activity. Those reports are shared with Airport staff and tenants.

Rose has always insisted on very high standards from herself and others.

We thank her for her outstanding years of service and wish her well in her retirement.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito welcomed Theresa Lee back and congratulated her on becoming a mother.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Strunsky as amended. The vote to approve was unanimous.

2. Approve Additional Funding Authorized by the Board of Supervisors in the Amount of \$1,209,911 for FY 2005/06 Budget

No. 05-0134

Resolution accepting funding authorized by the Board of Supervisors in the amount of \$1,209,911 for FY 2005/06 for four add-back items:

- (1) Additional three (3) months salary for new 0941 Manager VI position (\$42,531);
- (2) Art for Airport Museums (\$600,000);
- (3) Allocation of cost for the development of new city-wide payroll and budget systems (\$392,380); and
- (4) Allocation of cost for the Citybuild Employment Program (\$175,000)

Mr. Leo Fermin, Deputy Director, Business and Finance said that during the recent 2005/2006 budget hearings, we agreed to the Budget Analyst's recommendation to cut out budget by \$3.1 million. The Board's Budget and Finance Committee then decided to restore \$1.2 million to our budget to be used for the four purposes described in the information before the Commission. The first is a small technical correction to the payroll numbers. The second is to fund more art acquisitions for the Airport. The third is for a new City-wide budget and payroll system being developed by the Controller's Office, and the fourth is for the Airport's share of a new employment initiative being undertaken by the Mayor's Office of Economic and Workforce Development.

With the Commission's approval of these addbacks, our final 2005/2006 budget will total \$597.6 million, an increase of 3% over the 2004/2005 budget of \$580 million.

Commissioner Strunsky asked if the art was to be displayed at the Airport.

Mr. Fermin responded that it is.

Mr. Martin explained that Supervisor Ammiato directed that we add this money to the budget. Supervisor Ammiato's thought was that it could be used to support an International Arts Festival planned for next year. We explained to the Supervisor that there are restrictions under the Revenue Diversion requirements and the Lease and Use Agreement. We confirmed with his staff that we cannot use funds to subsidize the International Arts Festival.

Exhibitions or artwork that will support the Festival are not a problem. We are also considering using this money to pay for artwork that would reflect all of our Sister City relationships. We are considering etched glass panels at different International gates. Blake Summers came up with this idea several years ago.

Commissioner Ito thought that was a good idea. She wondered about the oversight because we budget funds for work the Art Commission performs for the Airport and they approve art purchased for the Airport.

Mr. Martin explained that this is Airport money, however, if we purchase any permanent art work it must be approved by the Art Commission.

Commissioner Strunsky asked if we will have a look at the art work when it is purchased.

Mr. Martin responded that any purchase of art work is subject to Airport Commission approval.

Commissioner Ito said that she was aware of this festival and said that although it had some terrible beginnings it was very successful. She thought that this year's festival was mostly performing arts. One of our concessionaires was on the Board of Directors of the Art Festival. She wondered if the Airport was planning to have a community or advisory committee to determine how to use this money or whether we should proceed with the suggestion of highlighting the Sister City relationships.

The Mayor is doing the hundred anniversary of the earthquake. There are other significant anniversaries next year that reflect significant community events that might be worthwhile to discuss.

Mr. Martin said that he would work with Blake Summers in preparing a report to the Commission on the expected use of these funds and the approval process and will await feedback from the Commission. We have budgeted money in the past for art purchase, particularly to support the Museum program, but we stopped funding for that after 9/11.

Commissioner Strunsky said that some of the artwork purchased for the International gates is wonderful and timeless. Perhaps we can expand that into the domestic terminals.

Commissioner Strunsky asked for more information about the \$42,000 salary increase for a Manager V.

Mr. Martin explained that this is the new position for Bill Lee. Normally, new positions are only funded in the City process for nine months, but because he began on July 1 it needs funding.

Commissioner Strunsky suggested that the Commission be notified before a high profile employee is hired by the Airport. In the past he has found these things out by either reading about it in the newspaper or by telephone call.

Commissioner Crayton asked if the Airport's share of the cost of the City-wide budget and payroll system is disproportionate to other City departments.

Mr. Fermin responded that the budget is based on the Airport's prorata share of total City employees.

Commissioner Crayton asked if this is the first time the Airport is contributing to the employment initiative for the Mayor's Office of Economic and Workforce Development.

Mr. Fermin responded that this is a new initiative that is being launched this year.

Commissioner Mazzola asked what this is.

Mr. Fermin responded that this is a program that uses City-sponsored construction as a vehicle to deliver training and employment opportunities to San Francisco residents. The program will establish a goal of participation of San Francisco residents in City construction projects that are undertaken by all City departments. The first piece of the project is to create a single office to spearhead the program ... the Mayor's Office of Economic and Workforce Development. This new initiative is just being launched. All departments will be called to share information on their construction programs. This office will coordinate training opportunities for San Francisco residents to apply for jobs with those construction companies.

Chris Iglasias, the Department's Director, will have a staff of contract compliance officers and employment liaison staff to institute this program.

Commissioner Ito asked if they will be hired under apprenticeship programs.

Mr. Fermin responded that he was not certain exactly how the program will work, however, they will have a "City-build academy" for pre-apprenticeship training for potential employees. They will also create a central business office for central access points to a one-stop system where City residents can find information on

available jobs. They will also work with various contractors and building trades unions throughout the City to expand their apprenticeship programs.

Commissioner Ito asked for the total project budget.

Mr. Fermin responded that he did not have that information but would follow up.

Commissioner Johns asked what other departments will be sharing in the cost.

Mr. Fermin responded that so far the Laguna Honda project, Muni's Metro East Maintenance Facility, and the construction contracts of DPW, PUC and the Port will fall under this program.

Commissioner Mazzola said that this has not been brought to the San Francisco Building Trades Council, although they have heard rumors about it. On its face it appears to interfere with some of the contracts we have with private developers. He heard for the first time today that it was going to be under private contracts. He had originally heard that it would be DPW, PUC and Airport contracts and that First Start hiring would manage the operation, but they have not heard about the program. He thought Mr. Fermin was reading from something and asked for a copy.

He said that at this point he would vote against the \$175,000 because he does not know what the program includes.

Commissioner Strunsky asked if the Commission could approve the item and then get another opportunity when the actual expenditure is made.

Mr. Martin said that we can modify the resolution to state that before any transfer is made for this program that we will return to the Commission. We have to negotiate an MOU and the MOU will return to the Commission.

Commissioner Strunsky said that he understood Commissioner Mazzola's reluctance and he is trying to find a way of getting through today and having the money available but not spending it until we are convinced that it is being spent in a proper manner.

Commissioner Crayton agreed. She wanted to make sure of the allocation. Commissioner Mazzola is President of the Building Trades Council and they have not had any detailed discussion about this. The other issue is that we should approve this resolution without the \$175,000 expenditure. We need to know more about it and there should be an agreement in place prior to its adoption so that we have a good understanding of what this is going to do.

The Commission agreed.

Mr. Martin suggested that the Commission approve the total dollar amount but add a caveat to the resolution stating that the MOU to provide funding for the City-build Employment Program will be submitted to the Commission before the agreement is executed. This is much the same way that we budget money for a

Professional Services Agreement ... we request approval before entering into a contract.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous

3. Award of Contract 8235S - Food and Beverage and Retail Wayfinding Signage at Terminal 1 and Terminal 3 - Fluoresco Lighting and Signs Maintenance Corporation - \$619,352.52

No. 05-0135

Resolution awarding Contract 8235S, Food and Beverage and Retail Wayfinding Signage for Terminal 1 and Terminal 3 to Fluoresco Lighting and Signs Maintenance Corporation, in the amount of \$619,352.52.

Mr. Ivar Satero, Deputy Director, Bureau of Planning, Design and Construction explained that this contract will provide wayfinding in both Terminals 1 and 3 in support of the Food and Beverage Redevelopment Program in the Domestic Terminals, as well as for existing retail outlets. The signage will provide for consistent wayfinding throughout the Domestic Terminals as well as convey SFO's message of the San Francisco Marketplace.

We are procuring a total of 67 signs under this contract, 14 of which are the large stainless steel floor mounted signs, similar to what are in the International Terminal, which will be mounted in strategic locations in Terminals 1 and 3 both pre-and post-security.

Three bids were received for this contract and the award amount is within the budget established for this work. Funding will be provided from the Domestic Terminals Food and Beverage Redevelopment Program as well as from funding set aside for the retail portion of the program.

Working with the HRC we determined that due to the specialized nature of the work, DBE participation is not required. The HRC has approved award of this contract.

Commissioner Crayton asked why this is such a lengthy process.

Mr. Satero responded that it is because of the fabrication of the signs, the shop drawings, the infrastructure of the signs and the field installation.

Commissioner Ito asked if staff has met with concessionaires in terms of what might be lacking in making the public aware of concession locations.

Mr. Satero responded that in the first phase we worked with concessionaires on developing the blade sign package. This is the follow package to that.

Mr. Fermin added that we have involved the concessionaires in the design

process. We have an informal group and the chair of the Committee, who serves as liaison between the concessionaires and the Airport and reviews the design, location, size, and the image of the signs, is from Klein's Deli.

Commissioner Johns asked if these signs can be changed in the event of changes in vendors.

Mr. Satero responded that the signs are made of a mylar material and are wrapped around large structural floor mounted signs. We can remove the mylar graphics from the signs and place them in the new standalones. It will be the same with the general wayfinding signs. We will have the ability to replace the graphics as well, although that will be a little more costly to replace than the standalones.

Commissioner Crayton asked who designed these signs.

Mr. Satero responded that they were designed by our consultant and reviewed and approved by our Design Review Committee to make sure they fit into the overall theme of the terminals.

Mr. Barry Taranto, cab driver, asked that one of these signs focus on the food concessionaires and placed in the taxi overflow lots so cab drivers will know what other food options are available in the Airport and where they are located.

Mr. Taranto said that the food truck is poisoning them. Cab drivers need the opportunity to go to other locations on Airport. For the prices they have to pay and the poor quality they have to eat, they deserve better food and better health.

Commissioner Mazzola asked if a sign was being placed in the cab lot.

Mr. Satero responded that a sign is not scheduled for that area.

Mr. Martin said that we can get something simple done.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous

4. Authorization to Issue a Request for Proposals (RFP) for Construction Management Services for Various Airport Projects

No. 05-0136

Resolution authorizing issuance of a Request for Proposals (RFP) for construction management services for various Airport projects. Construction Management (CM) consultants will fill positions in project CM teams with construction managers, resident engineers, schedulers, cost engineers and other as-needed CM support staff. The CM teams will be an extension of the Airport Project Managers' staff and will assure the proper level of

management oversight and control of construction of large, complex projects.

Mr. Satero explained that this item requests authorization to issue an RFP for CM services to support upcoming projects related to the Airport's Five-Year Capital Improvement Program.

The CM teams will provide pre-construction services, bid phase services, as well as project close-out support to the Airport Project Managers.

The Airport anticipates requesting Commission authorization to award three contracts in the near future ... one to support the West Field Cargo project, one for the two pedestrian bridges from Terminal 1 to the AirTrain Station, and a secure side bridge from Terminal 3 to Boarding Area G, and a third contract to provide for the activation of three remaining gates in the International Terminal that were not activated within the opening of the Terminal.

We may also may request Commission authorization to award further contracts from this procurement for other upcoming Capital Improvement Projects identified in the Five-Year Capital Improvement Program.

The RFP process will review the proposals and evaluate and rank the CM teams based on expertise and experience with similar types of projects, management approach, expertise of the key personnel and previous experience related to safety, quality control and any disciplinary actions.

Joint ventures with DBE components will receive a rating bonus in the evaluation.

Airport staff has worked with Local 21 and DPW to identify opportunities within the CM services that can be provided by existing construction management type personnel employed by the City. We have executed an agreement with DPW for those services and those employees. These teams will be a blended approach of both consultants as well as City staff. Consultants will be required to provide construction managers, resident engineers, inspectors, field personnel, cost and schedule and any other specialized expertise. The City-performed will be done primarily by resident engineers and inspectors. The organization charts in the RFP will identify who will be filling what positions so it will be very clear in the consultant community what they will be proposing on.

We are working with the HRC to develop the DBE participation goals for these various contracts.

Item No. 5 was moved by Commissioner Strunsky and seconded by Commissioner Mazzola. The vote to approve was unanimous

5. Award of Contract No. 8468 - Superbay Hangar Roof Repair - Western Roofing Service - \$304,500

No. 05-0137

Resolution awarding Contract 8468, Superbay

Hangar Roof Repair, to the lowest responsive, responsible bidder, Western Roofing Service, in the amount of \$304,500.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance, explained that this item specifically repairs and replaces the ridge caps. These ridge caps are lifted up in high winds, allowing water intrusion under the ridge caps and causing leakage into the Superbay. The metal roof itself is in fairly good shape. This contract will repair the ridge caps and replace them when necessary. The prices we obtained were higher than the architect's estimate. In talking to contractors we were told that if we wait until late fall we would get a much better price because no one does roofing in the late fall.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous

6. Approve SFOTEC Licensing Equipment Maintenance and Operating Agreement

No. 05-0138

Resolution approving Licensing Equipment Maintenance and Operating Agreement with SFOTEC for maintenance, operation and use of Airport-owned equipment in the International Terminal for a term commencing October 1, 2005 and expiring June 30, 2011.

Mr. Fermin reminded the Commission that in the International Terminal, all of the airline common use equipment systems are owned by the Airport. The international carriers have formed an entity, the San Francisco Terminal Equipment Company, or SFOTEC, which, under license from the Airport, operates and maintains these common use systems.

The Airport's current agreement with SFOTEC expires on September 30, 2005. We have negotiated a new agreement which parallels the existing agreement and retains the general financial terms but we have tightened up and added to the new agreement in several areas:

1. Overall, the new agreement gives the Airport tighter controls and approval rights as to SFOTEC's use of maintenance and other vendors. The Airport sets the maintenance standards, and if SFOTEC or its vendors fail to perform, the Airport may correct the problems at SFOTEC's cost.
2. The new agreement clarifies responsibilities between the Airport and SFOTEC in areas where there is overlapping or connected systems.
3. The new agreement now covers procedures for existing practices such as the accommodations of domestic carriers in the International Terminal and the billings to SFOTEC from the Airport for the custodial costs of cleaning airline space which have evolved since the agreement was first executed.

4. Finally, the agreement establishes an annual process for planning for replacements or improvements to equipment and obtaining the requisite Airport approvals, and establishes an annual threshold where for the first \$200,000 each year, SFOTEC will directly pay for all replacements and new equipment, thereafter the Airport will pay and charge SFOTEC the costs. The cost of future acquisitions funded by the Airport will be billed to SFOTEC at a cost which reflects amortization over the useful life of the equipment.

Commissioner Crayton asked for an example of the common use equipment.

Mr. Fermin said that it is the baggage claim systems, jet bridges, flight information display screens, departure information display screens, check-in equipment (the computer equipment used to process passengers at ticket counters), etc.

Commissioner Crayton thought that several months ago we approved expenses to do something with bridges.

Mr. Fermin responded that this item refers to passenger jet bridges to aircraft.

Commissioner Strunsky asked if we will be making any modifications to jet bridges to accommodate the A380.

Mr. Martin responded that the carriers have not requested any changes to the jet bridges. Their current plan is to load from one level. Modifications will be easy but will come at a cost.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 18, was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

7. Modification No. 8 to Professional Services Agreement for Construction Management Services for Contract 5013.9 - Terminal 2 Renovation - URS Corporation - \$150,000

No. 05-0139

Resolution approving Modification No. 8 to Contract 5013.9, Construction Management Services for Terminal 2 Renovation with URS Corp., approving an increase to professional services fees in the amount of \$150,000 to support Airport staff in preparation of a feasibility study and seismic analysis of Terminal 2/ Boarding Area D.

Funding for this Modification is included in the Airport's Capital Improvement Program.

Commissioner Johns asked if the \$150,000 was not anticipated originally.

Mr. Satero responded that the entire project was put on hold some time ago. We are now resurrecting the design of Terminal 2 to move forward with our overall Terminal redevelopment program. This scope was not originally anticipated. It gets our feet wet with the program and provides support for the feasibility study and the seismic analysis work.

8. Award of Airport Customer Service Survey Contract No. 4076 - Polaris Research and Development, Inc. - \$157,500

No. 05-0140 Resolution awarding Professional Services Contract 4076 to conduct Customer Service Surveys, to Polaris Research and Development, Inc., for the Annual Passenger Survey and the International Transport Association Survey beginning on July 1, 2005 and ending on December 31, 2007 for a fee of \$157,500, with three, one-year options exercisable at the discretion of the Airport Commission.

9. Bid Call - Contract No. 4114B - Shoreline Protection Restoration, Phase B

No. 05-0141 Resolution approving the scope, budget, and schedule for Contract No. 4114B, Shoreline Protection Restoration, Phase B, and authorizing the Director to call for bids when ready.

Commissioner Strunsky suggested that we need a new map as the new International Terminal is not reflected and the Hilton Hotel has been gone a long time.

10. Authorization to Accept Proposals for the International Terminal Specialty Retail Store Lease

No. 05-0142 Resolution approving the minimum qualifications and lease specifications and authorizing staff to accept proposals for the International Terminal Specialty Retail Lease.

Commissioner Ito asked if the minimum bid is the same as the prior tenant.

Mr. Fermin responded that it is much lower now. The current MAG is \$260,000 and we have set the new MAG at \$75,000 with the same square footage. The pre-proposal conference yielded comments that the previous minimums were much too high for that space.

11. Modification No. 3 to Professional Services Contract - Harris Miller Miller & Hanson - \$75,000

No. 05-0143

Resolution approving Modification No. 3 to Professional Services Contract with Harris Miller Miller & Hanson to oversee design, acquisition, installation, and testing process of a new comprehensive and enhanced aircraft noise management system, to extend the term of the agreement until June of 2006 and increase the amount by \$75,000.

12. Amendment to the Spa Lease Request for Proposals to Add Three Additional Locations for the Spa Lease

No. 05-0144

Resolution approving an amendment to the Spa Lease Request for Proposals by adding three locations and deleting an approved location.

Commissioner Ito asked for information on the success of the Spa lease.

Mr. Fermin responded that the sales performance of the Spa has not met the expectations of the owner. One reason is the lack of space to fully provide services, as well as the need for additional locations at the Airport.

Although they are still operating under a sublease, the space is in question right now. The existing sublease space is being included in the new package which will be put out to bid.

Commissioner Ito did not follow why we were adding locations when the original location did not seem to be doing well.

Mr. Fermin said that he did not mean to imply that they were not doing well. He clarified that the operator felt that they would be doing even better with additional locations.

Mr. Martin explained that compared to Boarding Areas F and G, the passenger volume is not as great in Boarding Area A. The existing operator is very interested in this new package because they feel that they will be able to access a lot more passengers.

13. Adjust Scope of Work for Tenant Demolition Credits for the Domestic Terminals Food & Beverage Redevelopment Program - Previously Approved Amount of \$800,000

No. 05-0145

Resolution approving the additional scope of work under Tenant Demolition Credits previously approved for the Domestic Terminals Food &

Beverage Redevelopment Program, with no change to the previously approved total cost of \$800,000.

14. North Terminal Bookstore Lease - Premises Relocation

No. 05-0146 Resolution approving (1) relocation of BZinc Premises; (2) reimbursement in an amount not to exceed \$185,000 for the work performed on behalf of the Airport; and (3) reduction of the Minimum Annual Guarantee to \$1,139,850.77.

15. Authorization to Liquidate Air Canada Stock

No. 05-0147 Resolution authorizing the sale of Air Canada stock and directing the Treasurer's Office to sell the stock and any other stock settlements for the next five years on the open market on behalf of the Airport Commission. Approximately \$3,400.

16. Authorization to Sublease Off-Airport Warehouse Space at 245 South Spruce Avenue, South San Francisco to Andrews Air Corporation - \$8,503.20 per month

No. 05-0148 Resolution authorizing sublease of off-airport leased warehouse space located at 245 So. Spruce Ave., So. San Francisco, California to Andrews Air Corp. as sublessee in the amount of \$8,503.20 per month (\$102,038.40 annually).

17. Reimburse Union Bank, Bank of America, and Wells Fargo via Rent Credit for ATM Relocations Required for Construction for the Food and Beverage Program - \$37,886.00

No. 05-0149 Resolution approving reimbursement to Union Bank, Bank of America, and Wells Fargo via Rent Credit for ATM relocations required for construction for the Domestic Terminals Food and Beverage Program in the amount of \$37,886.00.

18. Consent to Assignment of Lease to Pacific Gateway Concessions, LLP

No. 05-0150 Resolution approving assignment of (1) leases from DeLaVe, Inc., and (2) leases from Soto &

Commissioner Crayton recalled that Pacific Gateway was hired some time ago to work with concessionaires.

Mr. Fermin responded that that was a different entity that was hired to develop the food courts for the International Terminal.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Alfred Chow, Airport Custodian, said that their contract is being followed. He also complained that the work was not being assigned evenly and that some of the shifts had much larger loads than others ... Boarding Area A is a good example.

Commissioner Mazzola asked Mr. Chow if he has spoken with his union representative regarding these issues.

Mr. Chow responded that he has.

Mr. Martin said that he will have Human Resources meet with the Union rep and employees.

Mr. Chow said that some employees buy coffee and food for their supervisors and then get good treatment.

Mr. Chow also said that some of their equipment is old and employees are getting hurt.

Mr. Barry Taranto, cab driver, said that there is a Security Guard named Kahn who designed a way to utilize the Airport lot so that on busy Sundays cab drivers do not have to circle the Airport. This employee needs to be acknowledged.

Mr. Taranto said that the coffee they get off the food truck is atrocious and prices have been raised on all food and beverage items. He understands the rise in food prices because of the associated labor costs. However, it is unfair to charge a \$1.00 for canned beverages. He spoke with Mr. Fermin who agreed that changes had to be made. However, Mr. Fermin's staff concluded that there is nothing wrong. Mr. Taranto said that he now goes off-Airport to a Vietnamese restaurant for food and beverages.

He tried to get a vending machine but got no cooperation from staff.

The owner is not present to supervise his staff because, as he told Mr. Taranto, he has

to care for his aging parents. He spends two to three months a year in Vietnam.

Salads sold at the truck have ham and shrimp for \$5.75 but he just wants a vegetable salad. You can buy a sandwich at Subway for \$.19 more and can have all the vegetables you want. Salads sold at the truck have five-year old tomatoes in the sandwiches. He doesn't know how old the tuna fish is.

Leo Fermin is a great guy, but his staff needs to try the food at the truck and pay the price. Unfortunately, there is no longer a cafeteria and we are stuck with the truck. The owner is a nice guy but he doesn't oversee on a regular basis and he doesn't care about their diets. Neither does Mr. Fermin's staff.

The PSA's are sometimes good at moving cars along, particularly at the baggage claim levels ... and sometimes you can't find them. They should be monitoring limousines sitting at the curbs.

Something also has to be done about dispatchers asking a litany of questions when a complaint is called in about limousines.

* * *

J. CORRESPONDENCE:

Commissioner Strunsky said that he received a letter from Golden Gate Disposal and Recycling Company and asked if this issue was being looked into.

Mr. Martin responded that the issue revolves around the fact that we have a very limited area for compactors and we don't want to have multiple compactors for different types of recycling material. Compactors must be returned quickly for use by restaurateurs and retailers.

We prefer to have the scavenger company do the recycling off Airport because of the labor savings we realize, and we have limited space for compactors. The existing contractor has an operation set up and we were hoping that other bidders would be willing to set up an operation to do the sortation off Airport.

He will report back to the Commission.

* * *

K. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

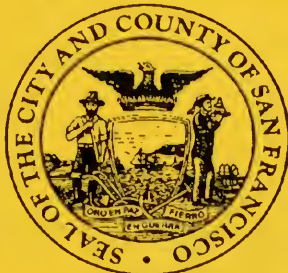
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J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:57 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

September 6, 2005

9:00 A.M.

DOCUMENTS DEPT.

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JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
September 6, 2005

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C.		CLOSED SESSION:		4
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		Potential Litigation:		
D.		ADOPTION OF MINUTE:		
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E.		ITEMS INITIATED BY COMMISSIONERS:		5
F.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	1.	Aviation Market Stimulus Program and In-Transit Lounge Fee of \$1.00	05-0152	5-6
	2.	Award Contract 8349 - Phased Taxiway Reconstruction - Granite Rock Construction, dba Pavex Construction Co.	05-0153	6-8
	3.	Award Contract 8352 - Taxiway F Reconstruction Granite Rock Construction, dba Pavex Construction	05-0154	8
	4.	Modification No. 1 to Contract 8136PS - Airport Security Systems Integration Professional Services - Quatrotec Inc.	05-0155	8-10
	5.	Modification No. 4 to Contract 5001C - Master Plan Landscaping - Watkin & Bortolussi, Inc.	05-0156	10-11
	6.	Bid Call - Contract 5706B - Terminal 1 AirTrain Pedestrian Bridge and Mezzanine Structural Steel	05-0157	11-12
G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		

7.	Award Contract 8225B - Airport Perimeter Fencing, Phase II - AIP No. 03-06-0221-33 Central Fence Company	05-0158	12
8.	Award Professional Services Agreement for Preparation of Compensation Survey - Leigh Fisher Associates	05-0159	12-13
9.	Award Contract 8250 - As-Needed Carpet Repair - Floortrends, Inc.	05-0160	13
10.	Bid Call - Contract 8498 - Exterior Building Signage for Lot DD Parking Garage Redevelopment Project	05-0161	13
11.	Bid Call - contract 8499 - Roadway Traffic Signage for New Long Term Parking Garage Redevelopment at Lot DD Parking Garage	05-0162	14
12.	Authorization to Conduct an Informational for International Terminal Boarding Area A Specialty Store Lease	05-0163	14
13.	Airport Improvement Program - Project No. 3-06-0221-33 Grant Award	05-0164	14
14.	Consent to Transfer of Leases Resulting from Sale of Majority Interest in Travelex America, Inc. to Apax Partners Europe Managers Ltd.	05-0165	14
15.	Consent to Loading Bridge Advertising with San Francisco Terminal Equipment Company (SFOTEC)	05-0166	14
H.	NEW BUSINESS:		14-15
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AIRPORT COMMISSION MEETING MINUTES

September 6, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Michael S. Strunsky, Vice President
	Hon. Linda S. Crayton
	Hon. Caryl Ito
	Hon. Eleanor Johns

* * *

C. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:02 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled CCSF v Tutor-Saliba Corp, et al, U.S. District Court Case No. C02-5286 EDL; a settlement of litigation entitled Deaf Counseling and Referral Agency (DCARA), et al. v. San Francisco Airport Commission, et al., U.S. District Court (N.D. Cal) Case No. C-02-1844 MEJ by payment of \$289,500; and, Airis SFO, LLC; Airis Holdings, LLC; and Duane Morris, LLP v. CCSF, San Mateo Superior Court Case No. 448274; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:53 A.M. The Commission voted unanimously to disclose the Deaf Counseling and Referral Agency settlement in the amount of \$289,500, but determined that it was not in the public interest to disclose the nature of remaining closed session items.

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D. ADOPTION OF MINUTES:

The minutes of the regular meeting of August 2, 2005 were adopted unanimously.

No. 05-0151

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E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

1. Aviation Market Stimulus Program and In-Transit Lounge Fee of \$1.00 Per Passenger

No. 05-0152

Resolution approving continuation of the Aviation Market Stimulus Program during FY 2005/06 and establishment of an In-Transit Lounge Fee of \$1.00 per passenger.

Ms Kandace Bender, Deputy Director, Communications and Marketing explained that this item contains two initiatives, both of which are designed to further enhance our marketing efforts. The first initiative is an extension of the 50% discount in our landing fees that was first instituted in 2003 and included both domestic and international flights. The next year it was renewed for international flights only.

To date six airlines have launched 73 weekly flights to eight new destinations, the most recent being United Airlines to Nagoya.

The program was capped by the Commission at approximately \$3-million. To date \$826,000 of that amount has been spent, which in turn generated \$826,000 in revenue. This program will continue to operate until June 30, 2006, unless the \$3-million cap is reached before that time.

The second marketing initiative would establish a \$1.00 per passenger fee for those airlines desiring the use of the In-Transit Lounge.

A flight going from Hong Kong to Toronto with a stop in Seattle requires all passengers to deplane in Seattle, collect their luggage, go through Customs, be rescreened through security and get back on the plane. An In-Transit Lounge would allow passengers to deplane into a sterile, secure area and wait until their flight is ready to board. The lounge would contain coffee, soft drinks, light snacks,

magazines, etc. They would not have to collect their luggage, go through Customs or be rescreened through security. This amenity would appeal to new airlines as being much easier on the passenger.

In consultation with Federal agencies about meeting new security standards, we determined that it would cost approximately \$400,000 to outfit and modify our current In-Transit Lounge, which is not currently being used. This amount would be covered by the \$1.00 per passenger fee and the current debt service.

Commissioner Crayton asked if passengers would have the option to pick up their luggage and leave the secured area.

Ms. Bender responded that First and Business class passengers would have the option to collect their baggage because it is stored in a separate area of the plane. They could go through Customs and then on to the First or Business lounge to rest, but they would have to be rescreened at security.

The In-Transit Lounge would only be available on Boarding Area G at first.

Commissioner Strunsky asked if the 50% credit for service to new cities given to a carrier is balanced against any cities they may drop.

Mr. Martin responded that it is not balanced against a city they drop. If they do not continue service for a full year, they will have to reimburse us for the full cost of the landing fees. There is no penalty for dropping an existing city.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Award of Contract No. 8349 - Phased Taxiway Reconstruction - Granite Rock Construction, dba Pavex Construction Company, Inc. - \$12,513,250.00

No. 05-0153	Resolution awarding Contract No. 8349, Phased Taxiway Reconstruction, to the lowest responsive, responsible bidder, Granite Rock Construction, dba Pavex Construction Co., Inc., in the amount of \$12,513,250.00.
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Mr. Martin explained, as a framework for Item Nos. 2 through 6, that overall this is \$28 million in contracts and reflects two things ... we are doing very well in obtaining FAA grant funds to support construction projects, including allowing us to move at a faster pace than we had hoped for on our security systems integration project. It also reflects the strengthening of Airport finances and our ability to begin work on projects that were put over after 9/11.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that this project is for the overlay and reconstruction of 10 taxiways and will provide for a new high speed exit taxiway coming off Runway 28R to drop the

planes off at Boarding Area G so that they don't have to maneuver in and around Taxiways A and B.

Although we only received two bids on this project, there were at least two or three other paving contractors that took out the plans and specs ... we thought that DiSilva Gates and Interstate were going to bid as well.

Although the bid came in slightly higher than the Engineer's estimate, there is still enough money to accommodate the entire project.

The price for the asphalt was extremely competitive. It would be difficult to get the same price today, given the fuel increases over the past few weeks.

Commissioner Crayton asked Mr. Eavis how he accounted for the \$1.5 million difference. She also said that DiSilva/Gates is a very large contractor and asked Mr. Eavis why he thought they did not bid.

Mr. Eavis responded that the increases over the Engineer's estimate are for the electrical work, not the paving. There have been price increases on a lot of the electrical equipment over the last year because there is basically one company that can provide the equipment. Kraus Heinz is a national manufacturer that produces far better equipment than its competitors. They have a monopoly on airfield lighting equipment. Many contractors will only get their equipment from Kraus Heinz. Furthermore, contractors put their profit in the electrical items rather than asphalt because they know we can remove a half inch of asphalt without a problem. That is the reason for the cost increase in electrical equipment.

Mr. Eavis said that DiSilva/Gates hasn't bid an Airport contract for a long time. We fought with them every step of the way the last time they bid a contract.

The main reason that other paving contractors don't bid on Airport work is because the FAA specifications on asphalt are very strict, especially for the strength requirements. Granite Rock has a huge advantage because they have quarries that supply rock that meets the Federal requirements for aggregate. Many of the other quarries don't.

Commissioner Mazzola said that we see the competitiveness in general contractors but we don't see it in the electrical. He asked if Granite Rock just uses Bass or are there other bidders.

Mr. Eavis responded that Granite receives bids from a number of electrical contractors but they seem to use Bass more ... probably because Bass gives them better prices than some of the other electricals.

Commissioner Johns did not understand the gap between the Engineer's estimates and the bids. This has happened before and she does not understand why our Engineers wouldn't have known that the electrical was a major portion of the bid.

Mr. Eavis responded that the electrical is a major portion but the cost for general

construction, up to August of this year, went up 12% over the previous year. Just over the last month it has probably gone up another 5-6%. Contracts with large electrical components are usually let about once a year and in that time frame there has been a significant increase. There is not much information the Engineers have regarding the newest prices. Our estimates are based on what it has cost us in the past.

Commissioner Johns asked when this went out to bid.

Mr. Eavis responded that the bid opening was August 10, the request for bids was approximately six weeks before that, and the pricing was done about four months prior to that. Those prices are about six months old by the time the contract is awarded.

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. Award of Contract No. 8352 - Taxiway 'F' Reconstruction - Granite Rock Construction, dba Pavex Construction Company, Inc. - \$5,985,000.00

No. 05-0154	Resolution awarding Contract 8352, Taxiway "F" Reconstruction, to the lowest responsive, responsible bidder, Granite Rock Construction, dba Pavex Construction Co., Inc., in the amount of \$5,985,000.00.
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Mr. Eavis explained that this is another Federally-funded project to overlay and reconstruct Taxiway F, install centerline lights, and extend the shoulders which will make it available for the A380. We have made agreements with the FAA for waivers on the requirements to bring the A380 to SFO. As part of those agreements we agreed to double the number of taxiway lights on a number of taxiways.

The Engineer's estimate was \$5.8 million and the final low bid was \$5,985,000. The contractor met the DBE requirements. This is very much like the previous contract.

Item No. 4 was moved by Commissioner Mazzola and seconded by Commissioner Strunsky. The vote to approve was unanimous.

4. Modification No. 1 to Contract No. 8136PS - Airport Security Systems Integration (Professional Services) - Quatrotec Inc. - Not to exceed amount of \$3.3 Million

No. 05-0155	Resolution approving Modification No. 1 to Contract 8136PS with Quatrotec, Inc., to provide additional programming and integration for the Domestic Terminal EDS systems, upgraded Access Control System (ACS), closed circuit
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television (CCTV) systems, perimeter intrusion detection systems and new security operations center (SOC).

The Airport will be reimbursed 75% of the costs for the closed circuit television, access control, perimeter intrusion detection and security operations center portions of the project by the FAA under AIP Grants 23, 26 and 28. The other portion of the project will be funded from the Domestic Terminal EDS Project (8136.C).

Mr. Ivar Satero, Deputy Director, Bureau of Planning, Design and Construction explained that this Modification is for additional scope related to the integration of the various Airport Security Systems and projects.

The Consultant was selected to perform tasks related to integration of the various Airport security systems, including 100% in-line explosive detection baggage systems, closed circuit TV, access control and perimeter intrusion detection.

The original contract award for \$5.5 Million provided for services related to the in-line EDS in the domestic terminals, implementation of the SOC, development of an Airport-wide security assessment, and developing the high-level and low-level requirements of the new CCTV and ACS systems.

Now that the low-level CCTV and ACS requirements have been developed, the Airport will proceed with the procurement process for purchasing the systems. This modification will provide for integration of these systems into the SOC, including programming and installation of the upgraded CCTV and ACS systems. The systems will be integrated into the newly completed SOC.

The Consultant will also perform additional scope related to the inline EDS systems, including programming and integrating a new baggage sorting system for the International Terminal, American Airlines, ATA and America West EDS systems, and provide technical support through the end of June related to the domestic terminals EDS system devices and controls.

All of the above services were part of the original RFP selection process and anticipated to become part of this contract. Quatrotec was the only firm responding to the RFP.

Funding for this contract will be provided from the various security projects as part of the Airport's 5-Year Capital Improvement Program, and from AIP funds. AIP funds will contribute approximately \$1,365,000 of the \$3.3 Million modification amount. For the proposed contract amount not-to-exceed \$8.8 Million, AIP funds will contribute \$5.3 Million. The negotiated billing rates for the original contract will apply to this modification as well.

The HRC determined that due to the specialized nature of the work DBE

participation was not required, however, to date the consultant has achieved 8% DBE participation.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

5. Modification No. 4 to Contract No. 5001C - Master Plan Landscaping - Watkin & Bortolussi, Inc. - \$2,057,750.00

No. 05-0156

Resolution approving Modification No. 4 to Contract 5001C - Master Plan Landscaping with Watkin & Bortolussi, Inc., in the amount of \$2,057,750 for a new contract value of \$4,659,336. This modification includes the landscaping at Highway 380/San Bruno Ave. Interchange and along the East side of Highway 101 from the Airport entrance to San Bruno Ave.

This project is included in the Airport's Five-Year Capital Improvement Plan.

Mr. Satero explained that this item re-instates Master Plan Landscaping work into the contract that was previously removed due to the economic downturn and 9/11.

The Master Plan Landscape project provided for restoration landscaping work along 101 adjacent to the inbound/outbound ramps and roads and at the San Bruno Avenue interchange, as per the Airport's agreement with Caltrans to restore the various areas impacted the Master Plan construction. The work at the San Bruno Avenue interchange was deferred by the Airport, with concurrence by Caltrans, to allow time for the Airport to recover financially from the impacts of 9/11 and the economic downturn. It is our obligation to go back and restore these areas. Phase 1 is complete. This is the second Phase which re-instates the scope of work at the San Bruno Avenue interchange.

The Airport worked with Caltrans and the City of San Bruno to reduce the plantings at the interchange to save both capital and maintenance costs, benefitting both the Airport and Caltrans. The most significant change to the landscaping is a reduction in the amount of ground coverings, while maintaining the larger plants and trees to keep the overall design philosophy intact.

The Airport has worked with the contractor to reduce costs and with this modification will save \$718,750 on the San Bruno Avenue interchange. Funding for this contract will be provided from the Airport's 5-Year Capital Improvement Program.

The MBE/WBE subcontractor participation goal for this contract is 8%. Through this modification, the contractor will achieve 10% participation.

Commissioner Strunsky assumed that the Master Plan was closed and that this is simply a modification.

Mr. Satero responded that the Master Plan is closed and this modification was moved into the Capital Program. We should change the title of contract since it is no longer part of the Master Plan Program.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

6. Bid Call - Contract No. 5706B - Terminal 1 AirTrain Pedestrian Bridge and Mezzanine Structural Steel

No. 05-0157

Resolution authorizing bid call for Contract No. 5706B, Terminal 1 AirTrain Pedestrian Bridge and Mezzanine Structural steel.

Mr. Satero explained that this contract will construct the AirTrain Bridge at Terminal 1 and erect the structural steel within the Terminal facility.

The Airport designed the Terminal 1 AirTrain Bridge as part of the Master Plan. At the time, the Airport anticipated proceeding with the Group B projects identified in the Near Term Master Plan Program, which provided for the redevelopment of Terminal 1/Boarding Area B, following completion of the Group A work. Due to the economic downturn and the events of 9/11, the demand for redevelopment of Terminal 1/Boarding Area B was significantly impacted. The Airport decided not to proceed with this project which left Terminal 1 without a bridge for direct access between the terminal and AirTrain.

This contract will construct the bridge and the mezzanine steel at Terminal 1. We will return to the Commission at a later date to award the architectural work and conveyances (escalators and elevators) related to the Terminal 1 mezzanine.

The engineer's estimate for this work is \$5,436,000. Funding for this contract will be provided from the Terminal 1 AirTrain Bridge and Mezzanine project included in the Airport's 5-Year Capital Improvement Program.

The contract duration is 13 months. Future architectural work for the mezzanine is also anticipated to be complete within the 13 months. This package allows us to begin construction while we proceed with the design of the architectural components, and avoid further delay of the opening date of the bridge which is estimated for the end of 2006.

Airport staff will work with the HRC to develop DBE subcontracting goals for this contract. We will return to the Commission for award of the contract following receipt of bids and determination of a low bidder.

We've been contacting contractors that we expect would submit a bid to inform them of this upcoming project with the hope of generating interest early and

insuring competitive bid environment.

Commissioner Crayton noted that DPW was doing some of the design work and asked if they would be doing the architectural finishes as well.

Mr. Satero responded that they will. They produced the rendering the Commission viewed this morning.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 15, was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

7. Award of Contract No. 8225B - Airport Perimeter Fencing, Phase II - A.I.P. No. 03-06-0221-33 - Central Fence Company - \$465,300.00

No. 05-0158	Resolution awarding Contract No. 8225, Airport Perimeter Fencing, Phase II, A.I.P. No. 03-06-0221-33, to the lowest responsive responsible bidder, Central Fence Company, in the amount of \$465,300.00.
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Commissioner Johns asked if there are specific areas where this fence will be constructed.

Mr. Eavis responded that it has not yet been clearly defined. We cannot get Federal money for as-needed contracts so we have laid out a number of areas in and around the Airport where our existing fence does not meet the new security fence guidelines. We believe that there is enough linear footage to take care of all those other areas as well.

8. Award of Professional Services Agreement for the Preparation of a Compensation Survey - Leigh Fisher Associates - \$150,000.00

No. 05-0159	Resolution awarding a Professional Services Agreement with Leigh Fisher Associates in the amount of \$150,000 to conduct a compensation survey for the Airport that includes management level positions and Finance positions to address recruitment and retention issues.
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Commissioner Crayton asked if we have a lot of open positions and if the Airport salary scale is comparable to other City departments.

Ms. Theresa Lee, Deputy Director, Administration, explained that we do have some high level management positions that have been very difficult to fill ... our

Planning Director position has been vacant for over a year. We are also having difficulty filling positions in Capital Planning. It took us a considerable amount of time to recruit the recently filled Rates and Charges Manager in Finance. It is difficult to be competitive on the total compensation package.

Our last management survey, which was conducted in 2000, showed that compared to other comparable agencies we were 20-25% below, taking into consideration cost of living adjustments. If you take out the cost of living, we were comparable on average. For retention and recruitment, cost of living has always been a big factor in our search.

Mr. Martin said that we are now comparable based on the 2000 salary survey. Adjustments have been made in certain job classifications where we were below the market and having difficulty in recruiting and retaining employees in certain key areas that were Airport specific.

This is good due diligence to see where we stand in the market.

Commissioner Crayton said that her concern is that we look at diversity. They need to be qualified, but we need to work to attract talented individuals of color.

Ms. Lee said that we are doing a five year staffing plan which will give us better recruitment and achieve the diversity we need.

9. Award of Contract No. 8250 - As-Needed Carpet Repair - Floortrends, Inc. - \$138,805.00

No. 05-0160	Resolution awarding Contract 8250, As-Needed Carpet Repair, to the lowest responsive, responsible bidder, Floortrends, Inc., in the amount of \$138,805.00.
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10. Bid Call - Contract No. 8498 - Exterior Building Signage for the Lot DD Parking Garage Redevelopment Project

No. 05-0161	Resolution authorizing Bid Call for Contract No. 8498, Exterior Building Signage for the Lot DD Parking Garage Redevelopment Project.
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Commissioner Strunsky did not understand why we did not combine items 10 and 11 under one contract.

Mr. Satero explained that these are two different types of companies doing the work. One contract would mean that work would have to be subcontracted out, incurring an additional markup. One company will handle the roadway signs and the other signage is off the building itself. They are two different fabrication processes.

11. Bid Call - Contract No. 8499 - Roadway Traffic Signage for the New Long Term Parking Garage Redevelopment at Lot DD Parking Garage

No. 05-0162 Resolution authorizing Bid Call for Contract No. 8499, Signage for the New Long Term Parking Garage Redevelopment at the Lot DD Parking Garage.

12. Authorization to Conduct an Informational Conference for the International Terminal Boarding Area "A" Speciality Store Lease

No. 05-0163 Resolution approving the minimum qualification requirements and lease specifications and authorizing staff to conduct an informational conference for the International Terminal Boarding Area "A" Speciality Store Lease.

13. Airport Improvement Program - Project No. 3-06-0221-33 (Grant No. 33) Grant Award - \$24,177,101.00

No. 05-0164 Resolution authorizing the Director to expend Grant Offer No. 33 from the Federal Aviation Administration (F.A.A.) in the amount of \$24,177,101.

14. Consent to Transfer of Leases Resulting from the Sale of Majority Interest in Travelex America, Inc., to Apax Partners Europe Managers Limited

No. 05-0165 Resolution consenting to transfer of leases resulting from the sale of majority interest in Travelex America, Inc., to Apax Partners Europe Managers Limited.

15. Consent to Loading Bridge Advertising with the San Francisco Terminal Equipment Company, LLC

No. 05-0166 Resolution consenting to Loading Bridge Advertising Agreement with the San Francisco Terminal Equipment Company, LLC (SFOTEC).

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a

period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

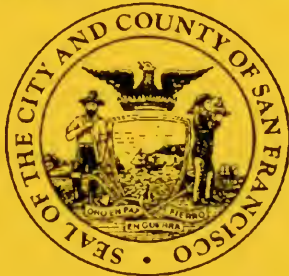
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J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:30 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

September 20, 2005

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

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SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
September 20, 2005

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	Potential Litigation		11
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COMMISSION MEETING MINUTES

Tuesday, September 20, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 A.M. in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Eleanor Johns

Absent: Hon. Caryl Ito

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting September 6, 2005 were adopted unanimously.

No. 05-0168

* * *

L. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:04 AM and the closed session began.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:30 AM. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

- D. ANNOUNCEMENT BY SECRETARY: In accordance with the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution N0.05-0167 regarding a settlement of litigation entitled Deaf Counseling and Referral Agency (DCARA), et al v. San Francisco Airport Commission, et al, U.S. District Court Case (N.D. Cal) Case No. C-02-1844 MEJ by payment of \$289,500.00 at the closed session of September 6, 2005.

* * *

E. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

1. Renaming of the Airport's Engineering Building the "Jason Yuen Architecture and Engineering Building"

No. 05-0169

Resolution renaming the Airport's Engineering Building the "Jason Yuen Architecture and Engineering Building".

Mr. John Martin, Airport Director, explained that Mr. Yuen began his career with the City in 1963 and became Chief Architect of the Airport in 1968. He was the first Director of the Airport's Bureau of Planning and Construction and oversaw the construction completion of Terminal 3, and he developed the 1987 Terminal Master Plan which resulted in the renovation of Terminal 2 and then Terminal 1 in the late 1980s. He also oversaw the new International Terminal construction as Chair of the Master Plan Advisory Board. He had a direct role in the construction of all of the Airport terminals.

Jason had worldwide recognition for his expertise, consulting on Hong Kong's new airport project and many other airport projects throughout the United States. His can-do, practical approach to getting things done and his great sense of humor earned him the respect of Airport staff and the larger contracting community. He was also respected by local, minority and women architecture and engineering firms who felt that he opened doors of opportunity for them, allowing them to grow to a much larger level and pursue projects nationwide.

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Naming of the Airport's New SBR Sewage Treatment Plant the "Mel Leong Treatment Plant"

Mr. Martin explained that Mel Leong worked at the Airport for 46 years, beginning while he was a student and then as a Junior Engineer at PUC when the Airport was under that department.

Mr. Leong was the first head of the Environmental Control Section at SFO and ran that section for over three decades. He oversaw the construction of our first treatment plant in 1970 and the first industrial plant in 1980. He also provided consultation and guidance on the new Sequential Batch Reactor Plant which came on line earlier this year.

Mel was respected by staff throughout the Airport for his warm, easy-going manner and his strong management skills. In many ways Mel was the original Airport environmentalist. He had a great commitment to the environment and made sure that the Airport made a positive commitment as well.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. POLICY:

Item No. 3 was put over.

3. Revision of the Airport's Interest Rate Swap Policy

Mr. Ben Kutnick, Finance, said that Section 19 of the current policy requires the Airport Director to periodically review the policy and make recommendations for revisions to the Commission.

The original policy was approved by the Commission in October 2002 and was revised in November 2004 prior to entering into a refunding that included interest rate swaps with Issues 32 and 33.

The revisions to the Swap Policy clarifies, simplifies and reorganizes most of the existing provisions. It also requires the retention of a swap advisor in connection with each of the swaps, legal opinions from bond counsel as well as a memo from the financial or swap advisor that this is reasonable under current market conditions and we at the Airport would be expected to achieve the intended results of the financing. It also requires a quantification of the risks, as

appropriate, associated with the swap. It increases the permitted maximum aggregate swap amount from the current 10% to 20%. The 10% is fairly low by industry standards. The 20% is fairly common in the industry.

We have discussed the increase to 20% with rating agencies and with the Airport's Financial Advisory Committee, which includes the Controller's Office. So far everyone has been fine with the change.

The increase to 20% is necessary to allow the Airport to do another refunding of revenue bonds which will be brought to the Commission in November. Given the current rates and the rising market, there is no other way to achieve any significant savings other than to increase the swap amount to 20%.

Mr. Kutnick reminded the Commission that the swaps we entered into last year yielded a total gross savings estimated at \$160 million, with a net present value of \$120 million.

Staff will return to the Commission next month with a financing plan that will include additional swaps. Without this change there is no financing plan and no way to achieve savings.

Commissioner Strunsky sensed a level of risk that troubles him. What happens if interest rates start to go up precipitously?

Mr. Kutnick responded that nothing will happen.

Mr. Martin said that there is risk associated with this. As a check and balance, Leo Fermin created a Financial Advisory Panel consisting of Jack Tamagny who is the senior public finance person in the country, Kay Yun who chairs the Committee and worked in public finance for many years, and Monique Zamuda from the Controller's Office.

Given the Commission's concerns he would like to hold this item over and ask a representative of that Committee to provide a due diligence reporting to the Commission.

Commissioner Strunsky said that there is so much money involved here that all of our jobs are on the line if something goes wrong.

Mr. Martin said that he has been through a due diligence review and fully understands the Commission's desire to go through due diligence as well.

Commissioner Ito said that she was uncomfortable with point 3 which seems to be pretty open ended.

Mr. Martin said that he will provide those specific points.

* * *

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 4 was put over.

4. Reject All Bids - Contract No. 8368 - Solid Waste Management

Resolution rejecting all bids for Contract No. 8368, Solid Waste Management, and authorizing the Director to re-bid the contract when ready.

Item No. 5 was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

5. Modification No. 1 to Contract No. 8136C - In-Line Explosive Detection Baggage Inspection Systems at Domestic Terminals - \$1,700,000

No. 05-0173

Resolution approving Modification No. 1 to Contract No. 8136C, In-line Explosive Detection Baggage Inspection Systems at Domestic Terminals (EDS) with D.W. Nicholson, in the amount of \$1,700,000. The scope of Modification No. 1 to Contract 8136C includes replacement of the International Terminal baggage sort controller, additional scope related to the Terminal 3 American Airlines in-line EDS construction, and the activation of the International Terminal deferred Bag Claim Unit No. 1.

Mr. Jackson Wong, COO explained that the scope of this modification provides for three major components of work: (1) to insure appropriate phasing of construction to keep American Airlines operating during installation; (2) to furnish and install a replacement sort controller in the baggage system in the American Airlines, America West and ATA operations; (3) the activation of the deferred baggage claim unit no. 1 in the International Terminal.

We experienced delays this summer in delivering baggage to customers, specifically when Air New Zealand arrived. At times the wait time was up to an hour. This baggage conveyor was built in anticipation of growth and we feel that it is appropriate to activate this carousel at Boarding Area G at this time.

Funding will be provided from the Airport's Five Year Capital Projects Plan and the International Terminal EDS project budget. Of the \$20,050,250 budget, \$12,240,000 is Federal funding.

D.F. Nicholson has met the 14% DBE subcontracting goal. Due to the specialized nature of the work in the modification, HRC and Airport staff have agreed to a goal of 12% for the modification.

* * *

I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 through 10, was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Execute Commercial Paper Reimbursement Agreement with State Street Bank and Trust Company

No. 05-0174

Resolution authorizing execution of a \$200 Million Commercial Paper Reimbursement Agreement with State Street Bank and Trust Company to support the Airport's Commercial Paper Program.

Commissioner Strunsky asked if we were increasing our Commercial Paper availability to \$400 million.

Mr. Kevin Kone, Finance, explained that the \$25 million is just a dollar amount that must be stated with the bank to implement the credit limit, but our credit limit for this facility is only \$200 million.

Commissioner Strunsky asked if we would have \$400 million in aggregate amount.

Mr. Kone responded that we have approval from the Board of Supervisors for a \$400 million program but we have only solicited a \$200 million limit from this bank, of which we will only ask the bank to have \$25 million available to us.

Commissioner Strunsky asked why we are taking a position of \$200 million if we only need \$25 million. Do we pay a fee for that money?

Mr. Kone responded that we do not. We only pay fees on the \$25 million. The bank has to set aside \$200 million in liability on their books in the event that the Airport wants to utilize it.

7. Award of Contract No. 8351 - Airfield Ponding Improvements, Phase II, A.I.P. No. 03-06-0221-33 - JMB Construction, Inc. - \$419,100.00

No. 05-0175

Resolution awarding Contract No. 8351, Airfield Ponding Improvements, Phase II, A.I.P. No. 03-06-0221-33, to the lowest responsive bidder, JMB Construction, Inc., in the amount of \$419,000.00.

8. Bid Call - Contract No. 3830.1 - United Airlines Pedestrian Over-Crossing Seismic Retrofit

No. 05-0176

Resolution approving the scope, budget, and schedule for Contract No. 3830.1, United Airlines

Pedestrian Over-Crossing Seismic Retrofit, and authorizing the Director to call for bids when ready.

9. Bid Call - Contract No. 8505 - Exterior Building General Construction for the Lot DD Parking Garage Redevelopment Project

No. 05-0177 Resolution authorizing bid call for Contract No. 8505, General Construction for the Lot DD Parking Garage Redevelopment Project.

Commissioner Strunsky said that yesterday there was criticism in the Matier and Ross column that was based on non-facts.

Mr. Martin agreed that there were a number of serious factual errors, including the main premise of their column that the garage was sitting vacant. In fact, the garage was more than 60% occupied with employees. We made a business and customer service decision to relocate those employees and close down the garage in order to convert it to a public parking facility. We are relamping, repainting, and putting in new exit booths with a revenue control system which will result in increased revenue to the Airport and a much higher customer service level. Passengers will now be dropped inside the garage and will not be exposed to the elements. There are currently seven stops in the long term lots and passengers are exposed to the elements. Our market research found that the public much prefers to park in covered structures.

Mr. Mike McCarron, Airport spokesperson said that he spoke with Mr. Ross two weeks ago. He wrote a letter to the Editor yesterday on behalf of the Director saying that he did not understand the point of the story.

10. Clear Channel Concession Support Program (CSP) Option and Additional Advertising Locations

No. 05-0178 Resolution approving: (1) additional advertising locations in the Airport's Terminal Concourses and Boarding Areas, and (2) increasing the Minimum Annual Guarantee during the Concession Support Program Five-Year Option Period for Airport Advertising Lease No. 00-0408.

Commissioner Ito said that when Clear Channel originally pitched this contract they talked about giving us some of the space for public announcements. She has been asked to find locations for public announcements for community and City events.

Mr. Martin said that we have a number of locations such as the garage tunnels and in the Terminal buildings where we are using diaramas for promotional use. We also have a number of locations such as the phone boards in the arrivals

level that are used by non-profit organizations, and we are developing a new program in the arrivals level in all terminal buildings to promote San Francisco.

Commissioner Strunsky hoped that there will be some control and that we will not wind up with a 42nd Street and Broadway type of advertising signage.

Mr. Martin responded that he had those same concerns early on but we have been very careful. All of the advertising goes through our Design Review Committee. The program has actually brightened up areas in the garage tunnels.

* * *

J. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

K. CORRESPONDENCE:

There was no discussion by the Commission.

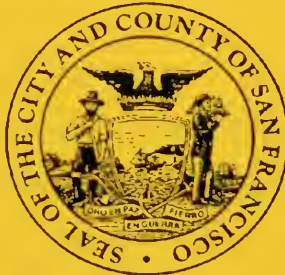
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M. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:55 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

October 11, 2005
Special Meeting

8:30 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of

October 11, 2005

RESOLUTION

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	2.	Revision of Airport's Interest Rate Swap Policy	05-0180	6
F.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	3.	Issues 32F (\$270,000,000), 2008A (\$450,000,000) and 2010A (\$170,000,000) Refunding Bond and Interest Rate Swap Transactions	05-0181 05-0182 05-0183 05-0184	7
	4.	Award Contract 4200R2 - Terminal 3 Power Distribution system Improvements - Granite Rock Co., dba Pavex Construction Division and Bay Area Systems and Solutions, dba Bass Electric Co., a Joint Venture	05-0185	7-8
	5.	Approve Lease of San Bruno Access Control Land for \$75,000 per year and Purchase of Adjacent Land for \$488,000 from Caltrans	05-0186	8-9
G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	6.	Bid Call - Contract 8486 - Airport Wide Security Systems Improvements	05-0187	9-10
	7.	Bid Call - Contract 8119B - Airfield Surface Incident Prevention System and Intrusion		

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8.	Authorization to Issue a Request for Qualifications for Aviation Planning & Management Services	05-0189	10
9.	Authorization to Issue a Request for Proposals for Information Booth Program	05-0190	10
10.	Extension of San Francisco Conservation Corps Master Contract No. 3883 for Maintenance, Landscape, and Installation Services	05-0191	10
11.	Contact with Corporation of Fine Arts Museums Of San Francisco (COFAM)	05-0192	10-11
12.	Contract with Steinhart Aquarium, California Academy of Sciences	05-0193	11
13.	Settlement of Unlitigated Claims for FY 2004/05	05-0194	11
H.	NEW BUSINESS:		
	Covenant Aviation - Card Check		11-13
I.	CORRESPONDENCE:		13
J.	CLOSED SESSION:		
	Pending Litigation:	Settlement of Litigation entitled Lawrence Construction Co./ West Bay Builders v CCSF	13
K.	ADJOURNMENT:		13

AIRPORT COMMISSION SPECIAL MEETING MINUTES

Tuesday, October 11, 2005

A. CALL TO ORDER:

The special meeting of the Airport Commission was called to order at 8:37 A.M.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Eleanor Johns

Absent: Hon. Caryl Ito

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of September 20, 2005 were adopted unanimously.

No. 05-0178

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Strunsky asked for a briefing on enhanced GPS and other landing navigation systems, and how they will effect us as well as the expansion of the PRM-SOIA system.

Mr. John Martin, Airport Director responded that he would prepare something for December.

* * *

E. POLICY:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

1. Airport Clean Vehicle Taxi Policies

No. 05-0179

Resolution modifying vehicle program for taxis serving San Francisco International Airport.

Mr. Tryg McCoy, Deputy Director, Operations and Security, explained that since 2000, this

Commission has authorized incentives to the operators of clean-air, CNG taxicabs. The current resolution, passed two years ago, provides one front of the line trip per driver per shift, during defined time periods, and one trip fee waiver per driver per shift for up to 140 CNG taxis - representing approximately 10% of the City's taxi fleet.

The past two years have shown that this resolution achieved the proper balance of incentives that stimulated the operation of CNG taxis while providing an acceptable line wait to the majority of non-CNG taxi operators.

The existing Commission resolution was modified to 2003 and caps the incentives to 140 taxis but does not allow for replacement vehicles after these taxis achieve the Taxi Commission maximum age or mileage limitations. Without modification of the current policy, the number of taxis eligible for the incentives would decline and likely the City's fleet of CNG taxis would diminish.

Staff proposes this revised policy that continues to provide incentives for up to 140 CNG taxis and allows for CNG replacement vehicles into the program. Refinements included in this proposal provide a preference, essentially the first right of refusal, to existing CNG operators to replace their vehicles with new CNG vehicles. In recognition of the on-going need to recover a larger percentage of Airport operating costs, this proposed policy also reduces from two to one free trip fee waiver per shift for the new replacement cabs.

This concept was discussed with members of the taxi community. We have met with two interested members of the Taxi Commission, including the Executive Director, current CNG taxi operators and non-CNG taxi operators. The proposal was also presented to the full Taxi Commission. The policy was discussed and a consensus reached on the details of the proposal before the Commission.

It was the existing CNG operators that stressed the logic of allowing present CNG operators, who have invested in their vehicles and participated in the program in the past, to have the first opportunity to replace their vehicles, once the vehicle age or mileage limitations have been reached. Regular taxi cab operators have accepted the existing policy and have expressed no opposition to continuing the program.

All representatives agreed that the environment benefits with the operation of CNG taxis and this new policy would continue to encourage the operations of clean air taxis while it would maintain the status quo as to the balance of wait times at the Airport taxi lot.

This policy also restates the Airport Commission's interest in either the Taxi Commission or the Board of Supervisors in enacting policies that further encourage or mandate the growth of clean air vehicles to the City's taxi fleet.

Commissioner Johns asked how we arrived at 140.

Mr. McCoy responded that while it does happen to be 10%, it appears to be the right number. The numbers have fluctuated between 128 and 135 over the last couple of years. We have never had to deny anyone the opportunity to operate a CNG taxi. It just appears to be the right balance.

Commissioner Strunsky said that he has not heard anything about hybrid vehicles being

included and wondered if this resolution might be amended to include them.

Mr. McCoy responded that there are a number of hybrid vehicles that operate in the City's fleet although they do not get benefits at the Airport. We would be concerned about upsetting the balance. We will take a look at it but we will want to be sure that we will not be adversely impacting those taxi drivers that can't purchase their own CNG vehicles or are unable to lease a CNG or hybrid vehicle from a taxi company. While the State does not recognize hybrids as clean air vehicles, they are eligible to operate in the diamond lanes.

Commissioner Crayton expressed surprise that Barry Taranto was not present today.

Mr. McCoy said that staff met with a large number of cab drivers, including five or six key non-CNG operators that tried to speak for the large community. No one objected to continuing with this program.

Commissioner Crayton asked if there is a substantial cost associated with these vehicles.

Mr. McCoy responded that there is an extra cost to the purchase of CNG vehicles, part of which is reimbursed by the State. Operators claim that these vehicles have a higher maintenance cost. CNG continues to be about \$.45 to \$.50 less than the price of gas.

We also set time limits of when the benefits can be used so that it is not in a time period when cabs are waiting an hour or an hour and a half. The benefits are used at 10:00, 11:00 and 12:00 in the morning when cabs are flowing through the lots.

Mr. Thomas Williams, United Taxicab Workers said that they supported the proposal totally. There are a couple of issues which make them more expensive to operate ... maintenance and mileage range. We often have to refuel twice a shift. The hybrid vehicle does not have to do that, but it is not as clean as a CNG vehicle.

Item Nos. 2 and 3 were moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Revision of the Airport's Interest Rate Swap Policy

No. 05-0180

Resolution authorizing revising the Airport's Interest Rate Swap Policy.

Mr. Leo Fermin, Deputy Director, Business and Finance said that Item Nos. 2 and 3 are related. Item No. 2 amends the Airport's current interest rate swap policy. The most significant revision in the policy is to allow an increase in the amount of interest rate swaps from 10% of the outstanding debt portfolio to 20%. This change would enable the Airport to do more locking-in of interest rates at today's historically low levels, and hedge against the potential of rising interest rates in the future.

Commissioner Strunsky complimented the Director for bringing the people together who prepared the analysis.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

3. Issues 32F (\$270,000,000), 2008A (\$450,000,000) and 2010A (\$170,000,000) Refunding Bond and Interest Rate Swap Transactions

No. 05-0181	Resolution adopting Issues 32F
No. 05-0182	(\$270,000,000), 2008A (\$450,000,000) and
No. 05-0183	2010A (\$170,000,000) Refunding Bond
No. 05-0184	Resolutions and Swap Resolution.

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

4. Award of Contract No. 4200R2 - Terminal 3 Power Distribution System Improvements Granite Rock Company, dba Pavex Construction Division and Bay Area Systems and Solutions, dba Bass Electric Company, a Joint Venture - \$2,927,925.00

No. 05-0185	Resolution awarding Contract No. 4200R2, Terminal 3 Power Distribution System Improvements, to the lowest responsive bidder, Granite rock Company, dba Pavex Construction Division and Bay Areas Systems and Solutions, dba Bass Electric Company, a Joint Venture (Pavex/Bass, JV), in the amount of \$2,927,925.00.
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Mr. Ernie Eavis, Deputy Director of Facilities Operations and Maintenance explained that this contract will double the capacity of the two load centers that serve T-3. We no longer have redundancy left in those load centers because of the flows. We will also be replacing the aging 12KV cables in T-3, and we will be taking out all of the old fixtures in T-3 and the Boarding Areas and replacing them with energy efficient fixtures that will save us at least \$150,000 a year. We will also start Phase 1 of a solar energy program on the T-3 roof, using the roof as the base.

We had 20 plan holders on the project and 3 bidders. Pavex/Bass was the lowest responsive/responsible bidder and they met the DBE requirements of the project.

Commissioner Johns did not understand the additional \$100,000.

Mr. Eavis responded that the \$100,000 for Type I modifications is normal.

Commissioner Johns asked if it was included in the \$2.9 million.

Mr. Eavis responded that it is contingency money in the event something comes up in the contract.

Commissioner Strunsky noted that we have been approving this for our own self interest for years so that staff has the ability to write smaller change orders.

Commissioner Johns commented that one of the things that annoys her is the number of times staff returns for change orders that go beyond the original bid.

Commissioner Crayton noted the number of times Pavex wins awards. It concerns her that we continue to award these contracts to the same companies.

Commissioner Strunsky agreed with Commissioner Crayton. He suggested talking with some of the larger electrical contractors ... like Rosendin and Breyer Electric ... to find out why they did not submit a bid. He noted that Pavex is not an electrical contractor.

Mr. Eavis said that he will make some calls. Rosendin has not bid on our contracts for years.

Commissioner Strunsky said that with the use of more efficient light fixtures he hoped that we will not have dark areas at SFO as he has found in other airports.

Mr. Eavis responded that all of the areas will have at least as much light, if not more. In some areas we will have 6 times the light with the use of less electricity.

Item No. 5 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

5. Approve Lease of San Bruno Avenue Access Control Land for \$75,000 per year and Purchase of Adjacent Excess Land for \$488,000 from the California Department of Transportation (Caltrans)

No. 05-0186

Resolution: (1) approving the terms of a Letter of Agreement (LOA) with Caltrans which provides for the lease by City from Caltrans of a parcel of land providing secondary egress from Airport Lot DD to San Bruno Avenue and the purchase by City from Caltrans of a parcel of land needed to accommodate the San Francisco Bay Trail as required by the Airport's BCDC Permit No. 2-96, and (2) authorizing the Director to execute a Lease Agreement and a Purchase and Sale Agreement in forms acceptable to the City Attorney and on the terms outlined in the LOA.

This activity is within the scope of the San Francisco International Airport Master Plan Program, which was approved by the Airport Commission on November 3, 1992. The Program EIR prepared for the Master Plan, as supplemented by the subsequent Lot DD Multi-Modal Transportation Center Negative Declaration, adequately describes this activity and its potential environmental effects for purposes of the California Environmental Act.

Mr. Fermin explained that there are two Caltrans parcels of land adjacent to the Airport's Lot DD, next to San Bruno Avenue. SFO has been leasing one parcel since 2000 for \$75,000. This parcel provides a second entrance and exist to Lot DD. We are

requesting approval to continue leasing this parcel for an additional five years for \$75,000.

The second Caltrans parcel of land, which is about 14,000 sq. ft., is needed in order for us to complete our compliance with the terms and conditions with BCDC (San Francisco Bay Conservation and Development Commission) Permit No. 2-96.

The BCDC issued this Permit for 11 Master Plan projects that were within their jurisdiction from the shoreline. As a condition of this Permit, the Airport was required to complete three separate projects for public access to the shoreline. The first project, completed in November 2000, was Bayfront Park at Millbrae Avenue and Old Bayshore Highway. The second project, completed in December 2003, was the North Access Road Spur Trail between the Park SFO garage and the SamTrans maintenance yard. The third project was the Lot DD Bay Trail Link between the South Airport North Access Road and the San Bruno Avenue/highway 101 interchange. It is for this third project that we are requesting approval to purchase the second Caltrans parcel.

Commissioner Strunsky asked if the part we are renting is for sale.

Mr. Fermin responded that the Department of Real Estate, working with Caltrans, contacted two appraisal firms. If we were to purchase this piece of land at this time it would cost us \$1.1 million so at this point it is more financially feasible to lease it. The break even on a purchase would be 15.1 years.

Commissioner Johns asked what would happen if someone else wants to purchase it.

Mr. Fermin responded that it is highly unlikely that someone else would want to purchase this small sliver of land between San Bruno Avenue and our Lot DD. The land is just large enough to allow shuttle vans to exit Lot DD. This five year lease with an option to renew will give us time to revisit the question of the appraisal and the true value of the land. At this point it is better to proceed with the purchase of the second parcel to satisfy our commitments to BCDC.

* * *

3. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

A motion was made by Commissioner Strunsky and seconded by Commissioner Crayton to recuse Commissioner Johns from discussing and voting on Item No. 10. The vote to recuse Commissioner Johns was unanimous.

Item No.10 was moved by Commissioner Crayton and seconded by Commission Strunsky. The vote to approve was unanimous.

The Consent Calendar, Item Nos. 6 through 9 and 11 through 13 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous

6. Bid Call - Contract No. 8486 - Airport Wide Security Systems Improvements

No. 05-0187

Resolution approving the scope, budget and schedule
for Contract No. 8486, Airport Wide Security Systems

Improvements, and authorizing the Director to call for bids when ready.

Funding will be provided from the Airport's Five Year Capital Improvement Program. For work that is funded under FAA/AIP Grants, the Airport will be reimbursed 75% of the costs by the FAA.

7. Bid Call - Contract No. 8119B - Airfield Surface Incident Prevention System and Intrusion Detection

No. 05-0188

Resolution to approve the scope, budget and schedule for Contract No. 8119B, Airfield Surface Incident Prevention System and Intrusion Detection, and authorize the Director to call for bids when ready.

8. Authorization to Issue a Request for Qualifications for Aviation Planning and Management Services

No. 05-0189

Resolution authorizing issuance of a Request for Qualifications for Aviation Planning and Management Services to assist in the development of proactive and strategic analysis in support of SFO's Continuous Planning Process.

9. Authorization to Issue a Request for Proposals (RFP) for the Information Booth Program

No. 05-0190

Resolution authorizing issuance of a Request for Proposals (RFP) for a contractor qualified to staff and manage the Airport's Information Booth Program.

10. Extension of the San Francisco Conservation Corps Master Contract No. 3883 for Maintenance, Landscape, and Installation Services - \$97,000.00

No. 05-0191

Resolution extending Contract No. 3883, the San Francisco Conservation Corps Master Contract for maintenance, landscape and installation services for an additional amount of \$97,000.00.

11. Contract with the Corporation of the Fine Arts Museums of San Francisco - \$81,000

No. 05-0192

Resolution approving contract for \$81,000 with the Corporation of the Fine Arts Museums of San Francisco (COFAM) for the purpose of providing technical assistance and implementing temporary

exhibitions at the San Francisco International Airport for the period July 1, 2005 to June 30, 2006.

12. Contract with Steinhart Aquarium, California Academy of Sciences - \$35,000

No. 05-0193

Resolution approving contract for yearly maintenance of the aquarium tanks, equipment, care, feeding, and replacement of fish for a period of two years at \$35,000 per year.

13. Settlement of Unlitigated and Litigated Claims for FY 2004/05

No. 05-0194

Resolution ratifying the settlement of unlitigated and litigated claims for FY 2004/05 amounting to \$45,617.24.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Ms. Pamela Pearson, Covenant Aviation Security, said that she was present to speak to the issue of the voluntary recognition Covenant has given to SEIU, Local 790.

Covenant has granted this voluntary recognition in accordance with the National Labor Relations Board (NLRB). A card check was taken at the Airport with a panel of four individuals headed by Mr. William Engler, a former member of the NLRB. The card check count showed that 55%, or 555 voluntary individuals employed by Covenant elected to have SEIU represent them.

Kass has stood by its commitment to honor and respect the wishes of its employees. They have gone through two unsuccessful elections with Local 1 but they have committed to their employees throughout the process that they would honor and respect their wishes. They are doing that with the voluntary recognition of SEIU 790.

Local 1 has filed an unfair labor practice with the NLRB on the voluntary recognition and the matter is before that Board for final decision. In addition, Local 1 has filed over 30 unfair labor practices which the Board has already ruled on.

Mr. Gene Chan, Airport screener, said that for the past two years the screeners have gone through two elections with the NLRB to determine if they wanted USA Local 1 to represent them. Both times they voted against them overwhelmingly. They have gone through elections, objections and appeals and they don't get the idea that the screeners don't want to be represented by them. They are simply a group of screeners with no clout and no union experience or ability to negotiate. Local 1 has wasted its time trying to organize.

With the help of 790 staff, they have collected over 700 signatures between December 2004 and September 2005 asking 790 to represent them.

A neutral third party counted the signatures and 555 were certified and verified by that third party. They want Local 790 to represent them. They have the power and clout to get things done. They have never intimidated, threatened or coerced anyone into signing petitions.

Mr. Hector Estrella, SEIU Local 790, said that he participated in collecting signatures for a card check to recognize SEIU 790. He did not coerce any screener in any way to sign the card check, nor does he know anyone who coerced screeners to sign the card check.

He was always willing to discuss with screeners the importance of having a union. He fully supports 790 representing them. He said that Covenant voluntarily agreed to a card check.

Mr. Quentin Donnelly, lead screener at SFO, said that he is a former 790 supporter. He is present today because he believes that the card check initially put forward was not valid. It was not put forth as a card check initiative and it is his personal experience that the last thing that he signed had nothing to do with card check. Given that it was within the time frame of the last 10 months he can only infer that similar tactics were used with other people in that they were given something to sign and not told what it was. He can personally attest that the tactics of the paid representatives were very aggressive. They followed you from your secured work area to your car and would not let you go unless you signed or told them to go away.

Mr. Jeff Michaelson, referring to a letter sent by him to the Commission, said that he was involved with Local 790 from the beginning. Item No. 9 of his letter clearly demonstrates that this card check was thrown on them once before. One of the pieces of evidence he was never able to introduce is the fact that he repeatedly pleaded with 790. He was an elected shop steward but was taken off the ballot. He tried everything to keep the cohesion of the unit but as a union shop steward he could not, in good conscience, represent employees after learning that the insurance plan for dependent medical care is more expensive than if it is purchased directly from Kaiser.

They tried to bring in another union but were unsuccessful because of the AFL-CIO. They have collected over 200 signatures in the last five days attesting to employee intent to withdraw their authorization from Local 790. This will put them in another election spin. They have been in discussion with other unions interested in taking them.

He is in the process of collecting several affidavits from employees who will attest to the fact that there were strong pressure tactics ... following people to cars, pizza, unclear representations as to what was signed. If the support was so clear, why would it take 10 months.

He supports card check if it is regulated. Card check should only run 90 days; after that employees begin to feel pressure.

He met with Jonathan Rollneck, City Attorney's Office, and with Matthew Cummin and Steve Summers, both labor lawyers.

This union, combined with its political leverage, has forced itself down the employee throats.

He asked that an investigation be conducted.

Commissioner Mazzola asked Mr. Martin if we were responding to Mr. Michaelson's letter.

Mr. Martin responded that we were.

Commissioner Mazzola said that this is not the forum for this issue. They have something before the NLRB and that is the appropriate forum.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:15 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding a settlement of litigation entitled Lawrence Construction Company/West Bay Builders, Inc. v City and County of San Francisco, San Francisco Superior Court Case No. CGC-04-436892; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

The Commission reconvened its public session at 9:29 A.M. The Commission disclosed approval of the settlement of litigation with Lawrence Construction Company/West Bay Builders, Inc. but determined that it was not in the public interest to disclose the nature of the discussion and voted unanimously not to disclose it.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

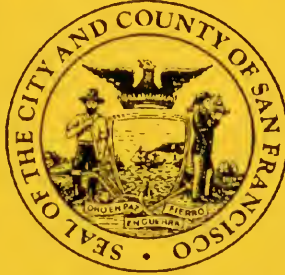
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K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:15 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

November 1, 2005

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
November 1, 2005

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	2.	Approve Upgrade for Common Use Terminal Equipment (CUTE) Platform - Purchase Internet Multi-User System Environment (iMUSE)	05-0198	5-8
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AIRPORT COMMISSION MEETING MINUTES

November 1, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:02 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of October 11, 2005 were adopted unanimously.

No. 05-0196

* * *

- D. ANNOUNCEMENT BY SECRETARY: In accordance with the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of Resolution No. 05-0195 regarding the settlement of litigation entitled Lawrence Construction Co./ West Bay Builders, Inc., v CCSF in the amount of \$217,500.00 at the closed session of October 11, 2005.

* * *

E. SPECIAL ITEMS:

Commissioner Crayton moved the nomination of Commissioner Mazzola as President and Commissioner Strunsky as Vice President. The motion was seconded by Commissioner Johns. The vote to approve was unanimous.

1. Election of Officers

No. 05-0197

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

2. Approve Upgrade for Common Use Terminal Equipment (CUTE) Platform - Purchase of Internet Multi-User System Environment (iMUSE) - \$3,500,000

No. 05-0198

Resolution to approve procurement for upgrading the current Multi-User System Equipment (MUSE) to iMUSE through a sole source waiver at a total cost not to exceed \$3.5 Million.

Mr. Tryg McCoy, Deputy Director, Operations and Security, explained that this item requests approval to spend up to \$3.5M to upgrade the Airport's common use computer systems utilized by the airlines operating within the International Terminal. This request is for phase one of a three phase upgrade to the International Terminal common use systems.

A simplified explanation to a complicated computer system upgrade is that a company named ARINC is the vendor that provides a product called MUSE that makes all of the computer systems within the International operate together. It also enables all of the 21 international airlines and three domestic airlines that operate within the International Terminal to access their individual reservation systems from any of the Common Use Terminal Equipment throughout the International Terminal. ARINC is the company that writes the programs and provides certain hardware that enables the automation infrastructure necessary for operation of the International Terminal as a joint use facility.

SFO's MUSE (Multi-User System Equipment) system is one of the most highly integrated systems of this type in the industry, supporting passenger information systems, baggage handling systems and resource management tools in addition to all airline passenger-processing activities.

The system, completed in 2000, was designed and installed as part of the Master Plan project. A competitive selection process was conducted resulting in ARINC being awarded the contract to provide the MUSE system.

MUSE has now seen six years of constant use and is at the end of its technologically viable life and level of cost effective service. Some airline uses are no longer enabled by the current Common Use Terminal Equipment hardware or the MUSE software. The operating system in use, Windows NT, is now obsolete and no longer supported by Microsoft. iMUSE, which stands for Internet Multi User System

Environment, is the next generation system successor to the current ARINC MUSE system. As an upgrade to the current Airport MUSE system, iMUSE will provide state of the art hardware and operating systems including Windows XP and the Internet based networking capabilities it supports.

Upgrading to iMUSE also makes it possible to maintain the existing airline system interfaces and integration with the various other terminal systems developed and refined for the current MUSE system. ARINC has successfully performed such an upgrade from MUSE to iMUSE at other airports throughout the world with minimal operational disruption.

The international carriers are so comfortable with the upgrade that they have written to us with their overwhelming support. They have specified the iMuse product and understand their cost reimbursement obligations.

The cost of systems upgrades solely beneficial to the airlines are fully recovered through equipment fees paid by SFOTEC and collected by them from the member airlines. It is estimated that approximately 90% - 95% of the cost of phase one (iMUSE) will be recovered over the five-year useful life of the equipment by the Airport.

The iMUSE upgrade is the \$3.5M first phase of a comprehensive project to improve and revitalize the technical systems in the International Terminal. A second and third phase, estimated to cost an additional \$6M, will provide improvements to the baggage tracking systems, flight displays and passenger information systems.

We will be returning to the Commission for approval to proceed on phase two sometime in the year 2007 and phase three in 2008.

The Office of Contract Administration has already qualified the provider of this upgrade, ARINC, for Sole Source waivers due to the proprietary nature of this product. The Human Rights Commission has not yet ruled on granting a sole source waiver, but we expect that approval shortly. The revised resolution before the Commission seeks approval pending HRC approval.

We believe that the iMUSE upgrade is essential in advancing the Airport's technology leadership among world-class airports.

I hope that I have been able to clearly explain this resolution and am happy to respond to any questions.

Commissioner Strunsky asked why we aren't thinking about installing this throughout the Airport. Wouldn't it make for a more efficient use of our gates?

Mr. McCoy responded that the common use availability of our gates and ticket counters enables us to expand and grow without adding new facilities. The issue is that the airlines with long term leases ... the signatory carriers ... have exclusive use. For example, in Terminal 3, United and American have their own systems in place and they are happy with those systems and are not interested in replacing

them. They don't intend on sharing those gates until after 2011.

Mr. Martin explained that his intention, as we remodel Terminal 2 and Boarding Area B, is to put them on common use. Most of those gates will be common use gates by 2011. Whether we decide to put those on common use in Terminal 3 is going to depend on whether we bring other carriers into Terminal 3 beyond United and American.

Mr. McCoy said that we are going ahead with a first phase ... in Terminal 1 we are going to replace all of the FID screens with a common use Airport-owned FID system. In Terminal 1 some airlines still have their arrival and departure information on magnetic boards. Other airlines ... such as Delta, Northwest and others have a FID system. We will replace all of that with an Airport-owned and operated system sometime in 2006.

Commissioner Crayton asked if we were using ARINC technology in the Airport.

Mr. McCoy responded that ARINC is exclusively in the International Terminal. We may have come to the Commission with an on-going maintenance contract via SFOTEC who utilizes ARINC.

Commissioner Crayton asked what percentage of airports use ARINC technology.

Mr. McCoy responded that there are two companies ... ARINC and SITA ... that provide common use format in international terminals. It is about a 50-50 split. SITA is strong in Europe and ARINC is strong in the U.S. and Asia. The majority of U.S. airports use ARINC.

Commissioner Crayton assumed that since they are the sole source provider we will continue to upgrade and forecast additional dollars.

Mr. McCoy agreed.

Commissioner Ito asked for the time line for Phase 1.

Mr. McCoy responded that it is a three month project. They will go to each airline and upgrade their systems. This is a combination of software and hardware. Our base platform will be upgraded to Windows XP and we will then be able to replace the boarding pass readers. Airlines are getting away from magnetic strips and going to the floppy thermal paper which is more efficient for them. Our system does not accommodate that at this time so we will be replacing the printers and readers at the gates. We hope to have this accomplished by next spring.

Commissioner Johns noted that this is talked about in terms of being an upgrade but this is actually a new base system.

Mr. McCoy responded that we are upgrading the basic operating system from Windows to their current operating system. This will enable the airlines to deliver more of their functions that they are not able to deliver at this time.

Commissioner Johns asked what the follow up will be in the next year, two years and three years on this system that we are upgrading now. Are their automatic upgrades included as technology changes? Do we have a maintenance agreement?

Mr. McCoy responded that we have a maintenance agreement with SFOTEC. That maintenance agreement will continue for them to perform this upgrade and then maintain the systems.

This phase includes the base operating system upgrade including bar code readers and gate readers. Phase 2 focuses on the baggage system. ARINC MUSE has a number of programs that make our system operate. We can track a bag from ticket counter to bag tag to carousel. ARINC writes the software so we will be upgrading the software in Phase 2. Also in Phase 2 we will be upgrading all of the public information displays to LCD-type displays, our FID screens and our video monitors.

Commissioner Johns asked how we will keep up with all of these changes within the phases that we are agreeing to today.

Mr. McCoy responded that as part of this agreement they constantly maintain and tweak and make patches to the system. As technology changes and they come up with a new program that makes two systems operate together, our contract keeps us current with technology.

Commissioner Johns asked about the term of the contract.

Mr. McCoy responded that it is a three year contract. We have gone almost six years without an upgrade.

Item No. 3 was moved by Commissioner Ito and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. Bid Call - Contract No. 8485 - Various Airport-wide Construction Tasks

No. 05-0199	Resolution approving the scope, budget and schedule for Contract No. 8485, Various Airport-wide Construction Tasks and authorizing the Director to call for bids when ready.
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Mr. Ivar Satero, Deputy Director, Bureau of Planning, Design and Construction explained that this contract will perform various construction tasks in support of the implementation of the large complex projects included in the Airport's Five-Year Capital Improvement Program.

As experienced during the Master Plan and the recently completed Domestic Terminals Food and Beverage Program, we often have a need for task oriented construction resources to do preliminary site investigations during the design phase so that we do not encounter unforeseen site conditions and we can develop a design that meets the facility requirements and minimize changes during

construction. We will also perform preceding construction tasks and tenant relocations in advance of large project construction to address potential site conflicts and operational requirements. It will also resolve unforeseen conditions encountered during construction, and obtain competitive pricing on potential change orders to the large construction project.

By having a task order contractor available to address these issues, staff will be in a better position to develop bid packages which minimize construction change orders due to design errors, minimize the impact to Airport operations on large project construction and assist in mitigating schedule and cost impacts due to change orders from unforeseen conditions and operational restrictions.

Airport staff anticipates using this contract to support the implementation of the Terminal 1 AirTrain Bridge/Mezzanine, Terminal 3 to International Terminal Boarding Area G Secure Connector project, West Field Cargo Phase 1, and activation of the three remaining gates in International Terminal Boarding Area A.

The contract will contain unit priced bid items taken from the anticipated work to be performed in support of the various projects. Scope not covered by the bid items will be performed on a time and materials basis, or priced lump sum, with the contractor providing bids from up to three subcontractors for each trade.

Design support will be provided by Airport staff, DPW or the design consultants on the large projects.

Funding for this contract will be provided from the various capital improvement projects.

To provide greater management control and oversight, the Airport proposes to limit the contract to \$1 million, and 1 year, with a \$200,000 task order limit, except as otherwise provided for by the Administrative Code.

Airport staff will work with the HRC to determine appropriate DBE subcontracting goals for this contract.

Commissioner Johns asked if we have done this before.

Mr. Satero responded that we have done on-calls before but without the same restrictions. We have also done unit price work, where the contractor bids units and quantities.

Commissioner Johns thought this was a good idea, and specifically liked that we will be doing pre-bid work so that we know what has to be done.

Commissioner Ito assumed that our staff is unable to do this and asked if DPW would have the same difficulty.

Mr. Satero responded that if our staff is unable to support this, we will request DPW's engineering and architecture staff to perform some of the design work and we may use our consultants to do some of the design work.

Commissioner Ito wondered if DPW had the area of expertise to scope out work.

Mr. Satero responded that they have the expertise for some of the work we might anticipate for them.

This is a construction contract. The design services are related to the larger projects. DPW is the designer of record for the terminal, and bridge and mezzanine so we would ask DPW to design that portion of the work related to that project that needs to be performed under this contract .

This is all in concert with the agreement we have with the unions.

Commissioner Crayton asked what HRC's role will be in terms of making sure that contracts go out to qualified firms and not necessarily all go to the same firm.

Mr. Satero responded that the HRC will review the bid items and identify the trades involved. HRC will evaluate the percentage of work to the overall scope of the contract. They will then determine availability and establish the appropriate goals.

Commissioner Strunsky said that our Airport is a moderate sized city in what it consumes in construction and operations people. Why don't have a "small contractor" capability within our own forces? It would add to our flexibility and the speed with which we could mobilize and prioritize what we need to do.

Mr. Satero responded that we do use our own forces to the extent possible. The question is do we staff up further to meet the needs of upcoming projects. The first step is to fully utilize existing Airport resources. However, there is a peaking relationship to this work. There is a lot of advance work related to bid documents that our forces cannot support.

Commissioner Strunsky asked why our forces cannot support that.

Mr. Satero responded because our forces are maintaining the Airport.

Commissioner Strunsky suggested that we increase our forces so that we aren't paying profit, management and overhead.

Mr. Wong responded that there is an Administrative Code restriction that certain tasks above a dollar value are to be bid out.

Mr. Martin said that in the coming year the Commission will see fewer on-call contracts because the maintenance group is taking on a lot more of the work.

Commissioner Strunsky said that this is \$1 million worth of work ... spread over a year it's \$20,000 a week.

Commissioner Mazzola said that any project over \$100,000 must be bid out.

Commissioner Crayton as concerned that we were taking jobs from people already out there who were looking for this kind of work.

Mr. Satero said that during the food and beverage program we had 29 different locations where we had to do structural openings to allow for all of the ducts to pass through the ceilings. We started using our forces but there were so many things that came up at the Airport that needed to be maintained that they could not keep up with the project schedule to develop all of the structural openings so we had to get the contractor in there to push that work.

We supplemented our own internal resources with construction resources outsourced. This is similar to what we are proposing ... maximize our own resources, but because of the peaking nature of the contracts and the up front work, we need to supplement our resources with these resources.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item nos. 4 through 9, was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

4. Award International Specialty Retail Store Lease - Brookstone Company, Inc. \$75,000

No. 05-0200	Resolution awarding the International Terminal Specialty Retail Store Lease to Brookstone Company, Inc.
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Mr. Martin noted that we received three bids for this location. One of the bidders is new to the Airport. Brookstone came to the Airport about five years ago.

5. Authorization to Issue a Request for Qualifications for Environmental Program Management Services

No. 05-0201	Resolution authorizing issuance of a Request for Qualifications for Environmental Program Management Services to assist in developing environmental review/disclosure documentation, obtaining regulatory permits and approvals, performing specialized natural resource investigations, preparing studies and monitoring the construction and repair of airport facilities, public access and environmental mitigation projects as required under the applicable Federal, State, regional, and local mandates.
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6. Authorization to Issue a Request for Qualifications for Green Airport Planning Services

No. 05-0202	Resolution authorizing issuance of a Request for
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7. Authorization to Solicit Proposals for Risk Management Services in Connection with the Airport's Ongoing Risk Assessment Program

No. 05-0203

Resolution authorizing Airport Staff to solicit proposals for Risk Management Services.

Commissioner Ito asked how is this being handled. Is it part of the City Attorney's responsibility?

Mr. Fermin responded that there is an Office of the Risk Manager which handles risk management for the City at large. We want to focus on the Airport's needs specifically through this contract. The City Risk Manager does all of our broad issues and evaluations.

Mr. Martin added that during the Master Plan we had a Risk Management Office through the OCIP program. We tried just using the City's Risk Management services but found that we needed more help than they were able to provide.

8. Bid Call - Contract No. 4112 - North and West Field Drainage Improvements

No. 05-0204

Resolution approving the scope, budget and schedule for Contract No. 4112, North and West Field Drainage Improvements, and to authorize the Director to call for bids when ready.

9. Bid Call - Contract No. 8353 - Pavement Replacement and Construction, Phase II

No. 05-0205

Resolution approving the scope, budget, and schedule for Contract No. 8353, Pavement Replacement and Construction, Phase II, and authorizing the Director to call for bids when ready.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:40 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding a settlement of Phase 2 of the litigation entitled CCSF v. ARCO et al., U.S. District Court Case No. C97-2965MMC; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:50 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:51 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

November 15, 2005

9:00 A.M.

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JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
November 15, 2005

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AIRPORT COMMISSION MEETING MINUTES

November 15, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:13 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Eleanor Johns

Absent: Hon. Larry Mazzola, President
Hon. Caryl Ito

* * *

C. ADOPTION OF MINUTES"

The minutes of the regular meeting of November 1, 2005 were adopted unanimously.

No. 05-0213

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Retirement Resolution - Lonnie Brown

No. 05-0214

Mr. John Martin, Airport Director, invited Mr. Brown's son, Andrew, to the podium.

Lonnie had 25 years with the City, 24 of which were at SFO. He began as an Assistant Personnel Analyst, transferring into our Data Processing Office in 1984. Lonnie was one of the very first staff members in that office. Consultants had been used in the past to perform that function. Along with one of a handful of people, he was one of the first employees to use a PC in day to day work.

He rose to the position of IT Project Director in 1997 in the newly consolidated Airport Information Technology and Telecommunications section.

He was respected and well liked by staff and was a great resource to the IT department.

Mr. Martin said that he had the pleasure of working directly with Lonnie since he first arrived at the Airport and always found him to be great to work with.

He wished Lonnie well in his retirement.

Mr. Andrew Brown said that his father really liked what he did and the people with whom he worked. He thanked the Commission and the Director for their support.

Commissioner Strunsky thought it was wonderful that he came to support his dad.

* * *

E. DIRECTOR'S REPORTS:

2. Status Report on Contract Awards to Disadvantaged Businesses for FY 2004-05

Status Report on Contract Awards to Disadvantaged Businesses for FY 2004-05.

Ms. Sandra Crumpler, Manager, Small Business Affairs Office, said that during FY 2004-2005, 14 construction contracts were awarded, which included both Federal highway and FAA projects, totaling about \$59.7 million. Of this amount, \$18 million was awarded to DBEs which included primes and subs.

Eight concession leases were awarded, five of them going to DBEs, amounting to slightly over 60% of the total.

Ten professional services contracts were awarded totaling \$5.6 million. Of that number \$2 million, or 36% was awarded to DBEs.

Charts 1 and 2 in the report before the Commission summarize the contracts.

The LBE ordinance, which was heard before the Rules Committee last week, is still pending. The Board is asking departments to meet to discuss funding sources for the HRC. There is some discussion if HRC should charge the department 2% for contract compliance work. Many departments have a problem with that. The Commission will be kept informed as progress is made.

Four significant changes were recently made by the USDOT to Federal regulations re concessions (9CFR Part 23) ... (1) personal net worth requirement not to exceed \$750,000. This is for DBEs to remain certified. We are going to have to recertify all of our DBE concessionaires to make sure they meet this requirement. 2) We can no longer set aside contracts for DBEs. 3) Rental car companies are now required to submit annual goals. We will work closely with companies at SFO. 4) Participation of management contracts ... for example, the parking garage contract will now have DBE goals. It also allows primes to include

suppliers and goods and services towards meeting their goals.

Commissioner Crayton said that it appears that DBE/LBE participation is decreasing.

Ms. Crumpler responded that the goals are going up. DBE participation goals are increasing. Last year it was 16% for construction and this year it was 30%.

Re concession leases ... we had more leases last year due to the Domestic Terminals Food and Beverage leases (63%) compared to this year at 40%. Professional Services numbers went up compared to last year.

We are seeing an increase in Federal contracts as well.

3. EEO Report for Fiscal Year 2004-2005 and Fiscal Year 2005-2006

Report on Airport's labor force analysis for FY 2004-05 and FY 2006 and EEO activities for FY 2005-06.

Ms. Theresa Lee, Deputy Director, Administration, said that this annual EEO report provides information on activities in FY 2004-2005 and what we plan to do this fiscal year to insure EEO compliance.

Our primary goal is to insure that there are no employment barriers for anyone and that every individual, regardless of race, color, religion, gender, ethnicity, age, disability, political affiliation, sexual orientation and other non merit factors have equal access to the Airport's jobs and other employment related opportunities.

This is the first time that we have prepared the report comparing data to five years ago. Some highlights are:

- Above parity utilization of African Americans in official/administrative, professional categories.
- Above parity utilization of Hispanics in the maintenance category.
- Above parity utilization of Asians in the professional and service maintenance categories.
- And below parity utilization of women, except in paraprofessional and clerical job categories.

Compared to five years ago, the total number of women employees decreased by 6%. There were a variety of factors which led to this decrease ... our on-going challenge in filling skilled craft and maintenance positions with women; and, our hiring priorities over the last few years which focused on safety and security and facility maintenance positions, and the deemphasis of filling administrative and clerical support positions and vacancies. This required managers and staff to

manage with less administrative support. It just so happens that these classifications had a larger representation of women (70+% and 50%).

Although there was a reduction of women compared to five years ago, we have increased women administrators by 6% from 2000, we have maintained utilization between 32% and 34% over the last several years. and there was little or no drop in the percentage of women in the administrators and professional categories over the last 2 years (2004 - 29%; 2005 - 30%) (2003 - 39%; 2005 - 38%).

As of October 2005, women represented 33% of total employees compared to the fiscal year ending June 2005 at 32%.

Year to date appointments for women are 38% of total compared to 39% at the end of last fiscal year.

We recognize the need to be more aggressive in our outreach efforts and have developed an action plan to address the utilization issues.

The plan includes ...

- New outreach to surrounding counties and cities targeting professional, trade and community organizations, schools and colleges, as well as continued outreach to the City's Southeast section.
- Establishment of an employee outreach advisory committee to identify outreach activities to insure candidates from underutilized groups are well informed of the Airport's job opportunities by January 1, 2006.
- Explore creation of new City apprenticeship classifications with the City's Department of Human Resources for possible inclusion in upcoming bargaining negotiations.
- Continue successful internship programs where diversity and gender representation is high in the underutilized groups.
- Continue with the new Speaker's Bureau to support employees seeking to develop and promote in the industry.
- Work with the Mayor's office in their Citybuild program to insure outreach to underutilized groups in the construction trades.
- Continue to monitor closely recruitment and selection processes to insure there are no barriers to prevent anyone from employment at the Airport.

We recognize the challenges and are committed to continuing our vigilance in implementing a vigorous program to remove barriers that may prevent equal employment opportunity.

Commissioner Crayton said that it was her understanding that there are more stringent FAA regulations regarding background checks for new hires.

Ms. Lee responded that it depends on the position. In the past, security clearance for post security or customs required an additional background check. However, our requirements have been standardized across the board for employees and everyone goes through a 10 year background check and FBI fingerprinting. The fingerprinting requirement has been in place for three years or more.

We are working closely with community-based organizations to educate them in understanding these requirements so they can counsel potential applicants and referrals. We also provide advice on how best to complete the application.

Commissioner Crayton said that she has heard it is very difficult to go through those background checks.

Ms. Lee noted that no one is hired until background checks are completed.

Commissioner Crayton said that our diversity statistics somewhat reflect San Francisco demographics in terms of Asians and Hispanic. African Americans are only 6-7% of the population. What can we do to attract people of color to SFO?

Ms. Lee said that in addition to our on-going efforts in the Southeast portion of the City, our new focus is to supplement outreach in surrounding counties, especially Alameda County.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Strunsky said that he flew from New York to San Francisco on Song Airlines the night before last. About half an hour out of SFO the pilot announced that they had lost most of the hydraulics and that emergency vehicles would be everywhere when they land. When you are a passenger on an airplane it's wonderful to see the Airport turn out in the force that it did to protect passengers against a possible problem.

Luckily, the remaining hydraulics were sufficient stop the plane.

Commissioner Crayton asked what will happen to the space in the arrivals level that has been vacated by rental cars.

Mr. Martin said that additional seating has been placed. We are also trying to interest a concessionaire in placing a coffee cart in the United/American area in Terminal 3.

We are open to additional ideas.

Commissioner Crayton asked if the area where passengers used to pick up their rental cars was vacant.

Mr. Martin responded that the area is now used by off-Airport rental car companies to pick up their passengers. In addition, we keep that area available in the event there is an AirTrain breakdown and we need to run the busing operation from that location.

We are establishing a marketing program in the arrivals level of all terminal buildings promoting San Francisco tourist destinations. Large graphics will depict different San Francisco attractions.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item Nos. 4 and 5 were called together and moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

4. Establish a Short-list of Construction Management Consultants

No. 05-0215

Resolution approving selection panel's recommendation establishing a short-list of Construction Management Consultants.

Mr. Ivar Satero, Deputy Director, Planning, Design and Construction explained that these two items are presented in regards to the RFP process entered into by the Airport to obtain Construction Management professional services in support of various upcoming projects of the Airport's 5-Year Capital Improvement Program. There are two primary objectives of the RFP solicitation. The first objective is to identify three top-ranked firms with whom to enter into negotiations to provide services in support of key projects of the capital plan, including the Terminal 1 AirTrain Bridge & Mezzanine and T-3 to International Terminal G Secure Connector, the West Field Cargo Facility, Phase 1 and the activation of the remaining three gates at International Terminal Gate A.

The second objective is to establish a short-list of qualified joint ventures and CM firms to provide construction management services on future capital plan projects.

The Airport convened a selection panel to conduct the RFP solicitation process. On October 28th the Airport received 15 proposals from various firms and joint ventures. Upon completing its review and scoring, the selection panel recommended that: 1) the top-ranked firms for the three projects identified in the RFP be included for further consideration which would include interviews with the key project personnel and client reference checks; and, 2) the top-ranked firms for providing CM services for future projects be interviewed and short-listed.

On November 4th, the selection panel conducted interviews with key personnel of the shortlisted firms, reviewed client references, scored the firms and developed a ranking for the three projects, and developed a shortlist of firms for future projects. Following the application of the DBE rating bonus to the eligible firms and joint ventures, the top-ranked firms were identified.

Based on the results of the ranking, staff recommends that the Commission authorize the Airport to enter into negotiations with the three top-ranked firms for the three key projects listed in the RFP; and staff recommends that the Commission authorize establishing a short-list of firms for CM services for future projects.

The top ranked firms for the three key projects are: Joint Venture of the Allen Group/ Townsend Management/Cooper Pugeda Management for the Terminal 1 AirTrain Bridge and Mezzanine and Terminal 3 to International Terminal G Secure Connector contracts; Joint Venture of URS/ECS for the activation of the A Gates contract; and, EPC Consultants for West Field Cargo.

The top ranked firms recommended to be shortlisted for future projects includes these three firms, as ABA, Don Todd Associates, Harris & Associates, PGH Wong Engineering and Quatrotec.

Upon successfully completing negotiations with the top-ranked firms, staff will return to the Commission with recommendations to award professional services contracts.

Commissioner Strunsky thought that all of these firms, or at least members of these firms have worked for us before.

Mr. Satero responded that he believed that ABA and Harris and Associates are new firms for us.

Commissioner Strunsky assumed that the firms that have worked for us have received satisfactory performance ratings.

Commissioner Johns noted that when the Commission first discussed West Field Cargo we specifically looked for cargo experience.

Mr. Satero responded that they are a experienced construction firm. That is being left up to the selection panel. This project is a warehouse type structure. As far as Construction Management qualifications specifically related to cargo, he is not aware of any.

Commissioner Johns said that we had a lengthy discussion regarding security and other aspects. The issue of experience was also raised.

Mr. Martin said that was a key consideration in the architect's background.

Commissioner Johns felt it was also important for construction management.

Mr. Satero said that EPC was the construction manager on an FOM project for one of the West Field Cargo buildings.

5. Selection of Construction Management Consultants for Various Airport Projects

No. 05-0216	Resolution authorizing staff to enter into
No. 05-0217	negotiations for the following contracts for
No. 05-0218	Construction Management Consultant Services:

Contract No. 5706B, Terminal 1 AirTrain Bridge and Mezzanine and Contract No. 8204 Terminal 3/ IT Boarding Area "G" secure connector;

Contract No. 8433, Activation of I.T. Gates A1, A3, and A5;

Contract No. 8226 Redevelopment of West Field Cargo Area, Phase 1.

Item No. 6 was moved by Commissioner Johns and seconded by Commissioner Strunsky. The vote to approve was unanimous.

6. Modification No. 3 Contract 5703A Phase II - AirTrain Operation and Maintenance Bombardier Transportation (Holdings) USA, Inc. - \$20,433,849

No. 05-0219

Resolution approving Modification No. 3 to Contract 5703A, Phase II, AirTrain Operation & Maintenance with Bombardier Transportation (Holdings) USA, Inc., in the amount of \$5,370,174 for a new contract amount of \$20,433,849 as specified in Section 3.1 - Option to Extend Phase II of the 5703A, Phase II Operation and Maintenance Contract General Requirements and in Section 6.1 - Optional O&M Price for Year 4 of Document 300.

Funding will be provided from the Airport's Operating Budget.

Mr. Satero explained that this is the first of three option year contract extensions following the expiration of the initial three-year Operations and Maintenance ("O&M") period in February 2006. This will provide for O&M services for additional scope related to the integration of the various Airport Security Systems and projects.

The original contract, awarded in 1998, provides for both Phase I, construct, install, test and demonstrate, and Phase II operation and maintenance for a period of three years. Bombardier Transportation has been operating the system since its opening in February 2003. The initial three-year O&M period expires in February 2006. The contract contains provisions for three one-year options at the sole discretion of the Airport.

Both the initial three-year term as well as the one-year options were competitively bid as part of the original contract. Airport staff has analyzed the cost effectiveness of exercising the option year 1 extension and has determined that the Airport realizes significant economic and operational benefit from continuing with this contract. In comparison to systems of similar size and complexity in the U.S. we feel that this is the proper course at this time.

The system has performed exceptionally well since opening, achieving an average availability of 99.72% since opening. This is well above the 99.5% availability contract minimum. This past month, the availability was 99.92%, the best month yet.

The HRC had determined that Bombardier has met its Phase II MBE/WBE subcontractor participation requirement of 8%.

Staff will return to the Commission in March 2006 requesting authorization to modify the contract to include the contract obligated labor and materials escalation costs for year 3 of the initial 3-year period.

Commissioner Strunsky asked if there were companies around that could operate this system that would give us a competitive bid.

Mr. Satero responded that another company was attempting to get the contract in Denver. They were a third party. They could not get mobilized to do this. There are currently no installations that use a third party supplier.

Mr. Martin said that there is an off-calendar memo that shows that our costs, on a per car basis, are quite competitive compared to other U.S. airports. When this contract expires we will have to address other options. Do we use City employees to negotiate with Bombardier to look for a third party operator?

If we use a contractor, whether its Bombardier or a third party, we would want a competitive process.

Commissioner Crayton asked if there are other airports that use contractors other than Bombardier to operate their systems.

Mr. Satero responded that there are two types. One gets through their fixed contract competitively bid and then they negotiate with Bombardier. They typically pay 30-40% more than what they were paying under the bid amount. Then there are those that operate the systems with City staff. We have looked at classifications that do maintenance and operations for Muni. Right now, the option years make more economic sense.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 13, was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

7. One Year Extension to Authorized Term for Commercial Paper Reimbursement Agreement

No. 05-0220

Resolution authorizing execution of Commercial Paper Reimbursement Agreement with State Street Bank and Trust Company with increased term of five years to support the Airport's \$200 Million Commercial Paper Program.

8. Authorization to Issue a Request for Proposals for the SFO Medical Clinic

No. 05-0221

Resolution authorizing the Director to issue a Request for Proposals for the Administration and

9. Authorization to Accept Proposals for Business Center Lease

No. 05-0222

Resolution approving the minimum requirements and lease specifications and authorizing staff to accept proposals for the Business Center Lease.

10. Authorization to Conduct Informational Conference for Travel Agency and Over-the-Counter Baggage Storage Lease

No. 05-0223

Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizes staff to conduct an informational conference for the Travel Agency and Over-the-Counter Baggage Storage Lease.

11. Bid Call - Contract No. 8438 - Boarding Area A Apron Improvements

No. 05-0224

Resolution approving the scope, budget and schedule for Contract No. 8438, Boarding Area A Apron Improvements, and authorizing the Director to call for bids when ready.

12. Bid Call - Contract No. 8300 - Runway 1L - 19R Overlay and Reconstruction

No. 05-0225

Resolution approving the scope, budget and schedule for Contract No. 8300, Runway 1L - 19R Overlay and Reconstruction, and authorizing the Director to call for bids when ready.

13. Modification No. 1 to Edelstein and Gilbert Contract - Rescind Resolution 05-0085 - Extend Term from July 1, 2005 - June 30, 2006 - Increase Amount by \$75,000

No. 05-0226

Resolution rectifying error in Resolution No. 05-0085, which indicated the Commission's action as an award of contract rather than the correct action of approving Modification No. 1.

14. Amendment to Supplemental Noise Insulation Agreement with San Mateo County to Include a Private School - \$500,350 (Airport's 20% Cost)

No. 05-0227

Resolution amending Supplemental Noise Insulation Agreement with San Mateo County to

include one school within the 2001 noise exposure map and adjust procedure to reconcile advances and costs.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:55 A.M.


Jean Caramatti
Commission Secretary

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MINUTES

December 1, 2005
Special Meeting

2:00 P.M.

Room 416 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Special Meeting of
December 1, 2005

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10.	Approve Lease Specifications, Minimum Qualifications and Proposal Requirements and Authorization to Accept Proposals for International Terminal Boarding Area A Specialty Store Lease	05-0237	15
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AIRPORT COMMISSION SPECIAL MEETING MINUTES
December 1, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 2:05 PM in Room 416, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns

Hon. Linda S. Crayton arrived at 2:15 P.M.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of November 15, 2005 were adopted unanimously.

No. 05-0228

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Commendation - Marland W. Townsend, Chairman, Airport Community Roundtable

No. 05-0229

Mr. John Martin, Airport Director commended Mr. Townsend for his 11 years on the Airport/Community Roundtable, including three years as Chairman of the Roundtable, and for his years of service as Foster City Councilman and Mayor.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item no. 1 was put over.

2. Approval of Business Terms for the Cellular Service Leasing Program

Resolution approving business terms for the Cellular Service Leasing Program and authorizing staff to lease space to cellular service providers according to the approved business terms.

Mr. Leo Fermin, Deputy Director, Business and Finance, explained that last December the Commission approved a rent structure for the cellular antenna leases which consisted of a fixed fee plus an additional charge based on channel call capacity. This rent structure that was previously approved raised the annual rent from \$68,900 per lease to different levels for each company depending on their antenna capacity. Altogether, for the entire group at the Airport we were expecting that the annual rentals would go from \$344,500 at the time to approximately \$1,540,000.

As we tried to finalize the new leases, the cellular firms opposed the approved rate structure. We have had group meetings since June, as well as individual conference calls with each company to try to work this out. We have acceded to their demand to not charge on the basis of channel call capacity and instead charge flat rents for campus-wide access at the Airport. Staff now recommends a revised rate structure of \$300,000 per lease regardless of the number of antennas and regardless of the call capacity. Under this revised rate structure before you today, the Airport would receive less rent than what was previously approved. The Airport would receive \$968,000 in calendar year 2006 instead of the \$1.5 million under the rates previously approved.

One company has give us a binding letter of intent to execute a lease under these rates. With this company, the proposed rent was derived through extensive negotiations which resulted in this mutually agreed amount of \$300,000. However, two other companies remain opposed to this rent amount.

These two companies have stated that this revised rent still is excessively high compared to rents at other airports. However, the companies will not share information on the revenues they generate at SFO to prove to us that the proposed rent is excessively high for this Airport. We firmly believe this is a fair rent for the privilege of being at SFO and accessing the highly favorable demographics of our passenger traffic. In many cases, our rates and charges are higher than at other airports and this reflects the many differences among airports.

Over a year ago, the telecommunications consultant we engaged estimated that as a group, the telecommunications firms generated at least \$12 million annually in revenues from Airport traffic, however I think it's much higher. Assuming the consultant was correct, then this rate structure would be about 8% of their gross revenues at the Airport. Try saying that 8% is an unfair rent to a DBE retail tenant

who pays rates of 12-14-16%, or to a local family-owned food and beverage operation which pays rents as high as 12%.

They have also said that this new rent could drive these firms off-Airport, resulting in a loss of service. If a company were to move off Airport, their customers' calls would be routed through the antenna of a firm that remained on-Airport, and that passenger would still get service.

They also say that the three year term of the lease is too short and will discourage investments to upgrades of technology. We've added one more year to the lease term, from a two year lease to a three year lease. At this time, we are not expecting or encouraging investments in technology upgrades since we are planning a new Airport-owned Distributed Antenna System (DAS) which will be state-of-the-art and will provide an ability for further technology upgrades in the future. We expect to have this new Airport DAS system in place within 3 years.

Once we begin the planning for the Airport-owned Distributed Antenna System, we will include all of the cellular firms in designing the new system to ensure it meets their needs. We would like to get these new leases in place, and then move on to working with the cell phone firms in jointly designing the new Airport antenna system.

This new rate structure is consistent with our ongoing efforts to have all tenants of the Airport pay rents that are fair compared to the level of revenues they enjoy at the SFO. Absent any proof from the cellular firms that these rents are way too high compared to the revenues they generate at the Airport, we believe these are fair rents. It is our fiduciary duty to our bondholders and the airlines under the Lease and Use Agreement to maximize revenues. We need these revenues not just to keep us financially self-sufficient, but to achieve our strategic plan goals.

Mr. Martin said that fundamentally our business model is one in which we charge companies for the privilege of accessing our customers on a volume basis. Rental car companies pay 10% of gross; ground transportation operators pay a per trip fee; banks pay 33% of their ATM charge.

We are not a follower airport. We are a leader in security and safety as well as financial operations. We were the first airport to insist on receiving 33% from ATM fees and we currently receive \$800,000 per year from them. We were the first airport to charge per trip fees; a very effective program modeled by other airports around the country.

We want to move toward the DAS system and a volume based fee. In the meantime, in the absence of data from the cell phone companies, we think this fee is reasonable. Not having the call volume data from the companies creates a very difficult situation. We understand their desire to maintain confidentiality and we suggested to them that they submit their call volume numbers from the Airport in a confidential report to our audit firm to conduct an independent audit and come up with an aggregate number for the Airport from 1999 versus 2005. We could then see where we stand and we would know if our proposal is fair or not. In the absence of that information, we need to rely on the consultant study. The cell phone companies need to provide the information,

otherwise this is the best information we have. We need to be fair to our tenants. We need to achieve a fair economic return from all of our tenants across the board.

Mr. John Boat, with Business Law Partners, representing Sprint Nextel, requested that the matter be put over so that discussions can continue with staff to achieve a fair and reasonable rent for all parties that is reflective of the market value of Airport sites.

They have no issue with using the Denver model, which was recommended by the consultant retained by the Airport in 2004, if it is used as Denver used it. The model provides for a nominal charge for square footage for space actually used and then a rental based on the number of channels or capacity the company actually has. It has nothing to do with trying to analyze minutes of use. That leads us to the study. He understood that assuming the study was correct and the carriers as a whole were making \$12 million at SFO that the Airport should receive 10% or \$1.2 million.

It is no coincidence that each carrier will be charged \$300,000 ... multiplied by four the amount is \$1.2 million.

What is ironic is that the report and the study itself admit that the study is not accurate and not a sound way to measure rent for this industry. The report points out that with the CBMA technology which Sprint and Verizon employ, one call can be occupied by three different sites at the same time. The report further states that if you are trying to count minutes of use, which is what they use to try to apply percentage, it can be overstated by as much as three times.

The price per minute, which is needed to determine revenue, is 7 cents. That number was picked out of thin air. How would it be calculated given the variety of calling plans, such as free minutes or free cell phone to cell phone calls. The report points that out as well.

The study admits that they could not track Nextel's signals so they guessed at it. They implied a number for duration of calls. They pointed out that LaGuardia Airport tried a minutes of use, percentage of gross revenue scheme. It went horribly wrong and did not live up to anyone's expectations.

The consultant then went to the next logical way of determining rent and that was to look at what other airports were doing. In making that comparison they selected Denver Airport for its cutting edge approach. Denver charges each carrier individually for each site ... it is not a campus approach. That would allow a carrier such as Metro PCS, who is not currently on Airport to come on site. It is far fetched to assume that Metro would be able to enter this campus with the pricing being proposed today. It would also allow carriers to pay more or less depending on the technology they employ at SFO and the call volume they can handle. Trying to track actual minutes, actual costs and actual numbers cannot be done. LaGuardia tried it and failed miserably.

They would like to continue to work with staff to come up with a fair and reasonable basis in comparison to what other state of the art, world class airports are charging.

The DAS system is a lengthy process and very expensive to design and install. Atlanta recently installed a state of the art system. They started asking \$200,000 for complete

coverage of the Atlanta Airport at 84 million passengers per year ... 50 million more than SFO. He did not think anyone signed up for it. That would have been a precedent setting number, yet SFO is looking at \$300,000 per carrier.

Ms. Stacey Larsen, Site Development Manager, Sprint Nextel, said that Sprint and Nextel have been longstanding and successful business partners with SFO and the City and County of San Francisco ("CCSF") overall. With this merged company they look to continue this incredible relationship. Over the years they have provided state of the art wireless services to patrons and employees of the Airport for commercial, personal and emergency communications. For that privilege they have always paid a fair market rent. That is what they expect in San Francisco and all other airports.

She has personally worked with staff to arrive at lease terms that properly compensate the City and are also in line with comparable facilities around the country. So far they have been unsuccessful.

The mission of their partnership with the Airport is to help people communicate and connect with loved ones, business contacts, and security and public safety personnel around the Airport. No one wants that to change. She remains confident that with assistance and input with this Commission they will be able to navigate the current impasse and iron out a mutually beneficial agreement in the future.

The Commission is the caretaker of the gem called SFO and they need help in resolving the matter quickly and equitably for all carriers.

Mr. Paul Albritton, attorney representing Verizon Wireless, referred to a letter sent to the Commission (see attachment no. 1) in which they included rents paid at other airports. He requested a continuance of this item.

There is a general lack of consensus between staff and the carriers regarding the terms of the proposed leases. Three carriers have said that they are evaluating exit strategies to expand facilities off-Airport if these terms are imposed.

The Commission should not be in this position. In 1999 when the Commission made this decision the carriers and staff came together and presented a unified conclusion and that is what should be happening today.

The Commission is being asked to make a decision on a lack of information. A report was presented to the Commission a year ago in which rents were proposed to go up four and five times higher than other airports, and eight times what is currently being charged at SFO.

Today the Commission is being asked to select the mid-point ... the second line of paragraph two of the staff report ... between that staff report conclusion of a year ago and what the carriers are being asked to pay today.

There is a lot more homework to be done. There is no excuse for the lack of financial analysis for the simplistic approach the Commission is being asked to approve today.

Verizon Wireless and Sprint Nextel have provided the Commission with ample information to show that the proposed rent is out of line with cell rents paid at much larger and higher ranked airports, and to calculate the appropriate rent for SFO. The Commission has also been asked to make decisions on false assumptions. Staff begins their report with the statement "... all concession leases at the Airport pay rent ... a fair percentage of their Airport generated gross rent."

Cell phone carriers are not concessionaires. Wireless carriers are quasi-public utilities obligated to provide network coverage, even where it is not economical to do so, and provide emergency 911 service, which is extremely important at airports, and at very high capital costs and competitive rates.

There is no instance in California, nor, most likely in the United States, where cell site rents are based on revenue. Carriers don't calculate revenue based on sites.

You cannot triple the price of a cell phone call at SFO as you can a loaf of bread. The point is, if you charge by location the cell phone industry would be very different. Phone calls would be expensive, only the rich would have phones, and there wouldn't be coverage in areas where coverage is not economical. Perhaps the pay phone and cell phone revenue would be higher but the traveling public would suffer.

They are a quasi public utility. The unique story of the wireless industry is that it is one of the most competitive, successful industries in the U.S., providing millions of Americans with cell service.

The elephant in the room is the Airport's proposed DAS system. The carriers have not been invited to participate in the creation of this system. Further, they have been told that their leases expire in two years and it is either out of the facilities they have spent a lot of money building or onto the DAS system.

The elephant needs to be brought into the room. The Commission needs to know SFO's future with respect to wireless communications. That should be of part of the assumption used in making the decision on what their rents should be in the future.

The Commission deserves answers before they make a decision. This needs to be sent back to staff so that discussions can continue with the carriers and conclusions can be made on what will work in the future.

The two standards that the Airport holds itself to is to be a world leader in safety and security and a world leader in customer service and satisfaction. It is not solely to generate revenue.

Mr. Harry Bekkela, consultant representing T-Mobile, agreed that this item should be put over. They have made a great deal of progress working with Gary Franzella and his staff over the past few months and they are to be commended for being tough negotiators.

There are two different business models here. The concession model is one and the wireless industry is another, and a reconciliation of the two is virtually impossible. The

Commission is looking at the opportunity to compare SFO with comparable airports. Given sufficient time, Gary and his staff can work with the industry and reconcile the gap. Let's not fight about the business models, rather let's find out what is fair for both parties and move on from there.

There has been a lot of talk about the rent amount, but the duration of the lease itself is every bit as critical. Three years is far too short. Their lease provisions are ordinarily between 20 and 30 years, made up of five year terms. The reason for this is the design of the very complex technology to serve a campus such as the Airport.

The DAS is clearly a popular technology but what they are being asked to do is to trust that there will be a DAS in three years, the price will be fair, and the rental amount to participate in the DAS will be fair. Given what they have been through recently it requires more trust than his client is willing to take at this time.

They are looking at off-site options relative to serving passengers coming to and from the Airport. They don't want to move off-site. They want a reasonable business deal so they can stay together and partner. He asked for a continuation of the item. He feels that a resolution is within their grasp.

Mr. John Newman, representing Cingular, expressed appreciation to Airport staff for their tireless efforts ... Gary Franzella, Patty Maitland, Ms. Perez and Ms. Brown, have all been courteous, professional and kind. They have agreed on some things and disagreed on others, but they have been extremely professional in their dealings at all times.

He circulated a letter (see attachment no. 2) that he shared during the course of their negotiations which is a public record of the values charged by the CCSF Department of Real Estate for various cell site facilities. There are three tiers ... Tier 1 - \$1,900; Tier 2 - \$3,000; Tier 3 - \$5,000.

Cingular Wireless has no Tier 3 sites with the CCSF. He will not speak for the other carriers but he is not aware that they have any Tier 3 sites either. Cingular Wireless does have Tier 1 and Tier 2 with the CCSF. They enjoy a robust and wonderful relationship with various City and County departments and they want to continue that relationship with SFO.

It is important to remind ourselves that this is not a fair market value negotiation. If we had an option to extend the term at fair market value, Cingular would be vigorously opposing the values associated in the staff report. And, the testimony that this is fair market value is incorrect.

This is a hold over tenancy in which Cingular and other carriers, other than Verizon, are faced with the decision to either accept the rental values or potentially remove facilities and eliminate service from SFO.

In that context it is not an arms length negotiation for fair market value which they would encounter in other City and County leases where an option is exercised. In that context, the values presented by the CCSF Department of Real Estate reflect what is fair market

value when you are negotiating at arms length. The carriers have indicated, by their deployment throughout the City, what they consider to be fair value for space they rent.

Cingular values its relationship with SFO and wants to make it clear that the values expressed certainly should not be considered fair market rent at arms length negotiation.

Commissioner Crayton asked if any meetings were held in which all participants were present.

Mr. Fermin said that several group meetings were held ... one of them on June 17 in which all of the representatives were present. Another meeting was held on August 31, and then individual conference calls were held with each of the companies.

We think this is a fair compromise from what was originally proposed and the Commission approved a year ago. We believe that this is a value which everyone can live with, although there is some opposition.

We have not begun the process of planning for the DAS system.

It is not that we decided or recommended to adopt a percentage revenue model, rather we thought that \$300,000 was a fair sum. To validate it, we compared it in relative terms to the percentage amounts that other Airport tenants are paying today.

Mr. Martin said that the reason we don't work under the City's fee structure is that the State considers us private property and that is the way our fee system is based. The City does not charge the 10% of gross to rental car companies that we charge. We charge that because we are a business operation on property that is considered private property by the State. So, we have a different model and structure for charging for the privilege of accessing customers.

Commissioner Ito said that if we had more data in a confidential process about call capacity perhaps the fairness factor would be more acceptable. It sounds like we picked out some projected revenue guesstimates and used 12% against these guesstimates. It's a huge guessing game that no one is happy with. We want to set a fair level that is workable, but she is not comfortable on how we arrived at this formula because of information not being shared. She is not faulting staff. The carriers have some responsibility in this as well. She understands their business issues, but there needs to be some meeting of the minds.

Commissioner Strunsky felt that it is very difficult to find a way to accomplish this without the cell phone companies providing information. Our staff is flying blind.

We have some 30 million passengers going through the Airport every year and another 15 million plus visitors either bringing passengers, picking them up, or doing business at SFO. Not all of those people have cell phones, but the cell phone companies are making a valiant effort to change that. Look at the San Francisco Chronicle or New York Times advertisements and you find pages and pages are for cell phones. Perhaps we don't have 50 million cell phones pass through the Airport, but it's close.

We are arguing over 3 cents a person going through SFO. The Airport would like to charge 3 cents times 50 million people so that they will have the ability to communicate. That is a fair number. He is for sending this back to staff. He is prejudiced in that he feels that transmitters and cell phone service should be supplied evenly. When a passenger gets off a plane and can't get a signal on their cell phone, they won't say that SFO failed, they will say that Verizon or Nextel failed. Let's work together. We are talking about 3 cents per person.

Commissioner Mazzola said that sending this back could be worthless if the companies don't share their data. In that case, we will be back here in two weeks doing exactly the same thing. It's going to be guess work.

He hoped it won't be the same song and dance when you go back to the table. This is new territory and we need to get a handle on it as we do on all our other types of rent.

We need to see some movement on this or he believes that the Commission is ready to vote for such a package next time.

Item No. 3 was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

3. Authorization to Issue a Request for Proposals to Select a Contractor for Airport Public Parking Facilities and Airport Employee Parking Facilities

No. 05-0230

Resolution authorizing staff to conduct a competitive selection process for the Airport Public Parking Facilities contract, and Employee Parking Facilities contract.

Mr. Fermin explained that currently, AMPCO manages the Airport's public parking facilities, and Pacific Park Management manages the Airport's employee parking lots. In the consent calendar, Items 5 and 6 request approval to exercise the last one year option for both contracts on a month-to-month basis starting in January 3, 2006 and ending no later than January 2, 2007. In the meantime, we plan to issue an RFP to seek a new parking management contractor. However, rather than having two contractors, one for public parking and one for the employee lots, we plan to combine this into one contract.

On November 21, we conducted an initial outreach meeting with potential parking operators to discuss our plans and get their input. Six companies showed up and expressed interest. A 7th company could not attend due to scheduling conflicts but sent a letter expressing their interest.

We plan to mail out a draft RFP in January, hold a formal pre-proposal conference, then return to the Commission for approval of the final business terms before mailing out the final RFP and soliciting proposals.

Commissioner Strunsky asked if we are installing a new electronic parking control system.

Mr. Fermin responded that we are installing a new parking and revenue control system throughout all of our garages.

The new parking control system will allow us to forego having to add employees as passenger traffic returns to the Airport. Our plan is to retain the same labor force.

Commissioner Ito asked if this will narrow the number of available DBEs to compete in this contract.

Mr. Fermin responded that he did not believe so. One of the things that we have not yet established is the experience requirement. We want to insure that we have as wide a pool of potential proposers as possible. This point was addressed at the outreach meeting. There was concern that the experience criteria was too stringent and would eliminate the ability of some firms to propose.

Commissioner Strunsky said that there is not much capital investment required. We ought to be able to look towards their experience rather than their financial capability.

Mr. Fermin agreed. The Airport will be making the capital investment in equipment systems. Experience will be the most critical consideration.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

4. Amendments to the 5-Year Capital Improvements Plan and Supplemental Appropriation Funding Adjustments of \$16,342,714

No. 05-0231	Resolution approving amendments of \$16,342,714 to the 5-Year Capital Improvements Plan and authorizing Supplemental Appropriation funding adjustments.
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Mr. Fermin said that the Airport is a very dynamic place, with ongoing changes which require us to quickly adjust plans as infrastructure needs and priorities change.

This past March the Commission approved a revised 5 Year Capital Plan and the supplemented appropriation for funding that plan. That supplemental appropriation was recently passed by the Board of Supervisors.

In the past eight months certain funding priorities have changed and we now have to return to the Board of Supervisors to adjust actual funding appropriation authority in our Five Year Plan for seven capital projects.

For many years, the Airport had rather broad appropriation authority in general project categories such as Airfield Improvements, Terminal Improvements and so on. This enabled the Airport to adjust funding of individual capital projects without having to go back to the Board for adjustments to capital appropriations. In recent years, however, these broad level appropriations were removed by the Board of Supervisors, and now our capital projects funding is more tightly controlled by the Board, requiring us to go back for supplemental appropriations for funding adjustments that arise as needs

change or something unexpected occurs in between the annual revisions to the 5 Year Capital Plan. Staff will return to the Commission in the spring with our annual revision to the Five Year Plan, however, this mid-year adjustment is required to take care of changing priorities that have occurred since the last revision.

Commissioner Strunsky asked what was the budget approved by the Commission and subsequently approved by the Board?

Mr. Fermin responded that the Commission approved the total Five Year Capital Plan of approximately \$735 million.

Commissioner Strunsky said that this was a 2% adjustment; a housekeeping measure.

Mr. Fermin agreed. Some of it reflects portions of projects that were unfunded at the time.

Mr. Fermin expected that each year, even though the Commission revises the Five Year Plan annually, we will periodically have to seek approval for these adjustments.

Mr. Fermin said that the Five Year Plan originally had a budget of approximately \$5 million for the equipment system. The lowest bid came in \$3.3 million higher than the budget. We renegotiated with the most successful proposer down from \$3.3 million to \$1.9 million. The increase to the budget, rather than being \$3.3 million, is \$1.9 million.

Mr. Martin added that it was approved by the Commission back in June.

Mr. Fermin said that the \$1.9 million is the increase from the original budget of \$5 million to \$6.9 million.

Commissioner Mazzola asked when this will go to the Board.

Mr. Fermin responded that we will submit it in the next couple of weeks

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 12, was moved by Commissioner Johns and seconded by Commissioner Strunsky. The vote to approve was unanimous.

5. Exercising the Option to Extend AMPCO System Parking Inc.'s Airport Public Parking Facilities Contract

No. 05-0232

Resolution exercising the fourth Contract Option to extend AMPCO System Parking Inc.'s Airport Public Parking Facilities Contract on a month-to-month basis ending no later than January 2, 2007.

6. Exercising the Option to Extend Pacific Park Management's Airport Employee Parking Facilities Contract

No. 05-0233

Resolution exercising the fourth Contract Option to extend Pacific Park Management's Airport Employee Parking Facilities Contract on a month-to-month basis ending no later than January 2, 2007.

7. Award of Contract No. 8206 - International Terminal and Boarding Area "F" Cable Fall Protection System - Architectural General Construction, Inc. - \$344,040.00

No. 05-0234

Resolution awarding Contract 8206, International Terminal and Boarding Area "F" Cable Fall Protection System to the lowest responsive, responsible bidder, Architectural General Construction, Inc., in the amount of \$344,040.00.

8. Award of Contract No. 3830.1 - United Airlines Pedestrian Overcrossing - Seismic Retrofit - William P. Young Construction, Inc - \$150,550.00

No. 05-0235

Resolution awarding Contract 3830.1, United Airlines Pedestrian Overcrossing - Seismic Retrofit, to the lowest responsive, responsible bidder, William P. Young Construction, Inc. in the amount of \$150,550.

Commissioner Strunsky said that the bids were so different that he wants to make sure the staff reviewed the job with Young and that they are comfortable with the number.

Mr. Ernie Eavis, Deputy Director for Facilities Operations and Maintenance responded that they are. We used the State's consultant to come up with estimates because they are paying for it.

9. Bid Call - Contract No. 8465A - Superbay Hangar Fire Protection Improvement

No. 05-0236

Resolution approving the scope, budget, and schedule for Contract 8465A, Superbay Hangar Fire Protection Improvement, and authorizing the Director to call for bids when ready.

10. Approve Lease Specifications, Minimum Qualifications and Proposal Requirements, and Authorize Staff to Accept Proposals for the International Terminal Boarding Area "A" Specialty Store Lease

No. 05-0237

Resolution approving lease specifications, minimum qualifications, and proposals requirements, and authorizing staff to accept proposals for the International Terminal Boarding Area "A" Specialty Store Lease.

11. Approve Pool of Qualified Executive Search Firms to Provide Recruitment Outreach for Airport Commission Senior and Management Positions on an As Needed Basis

No. 05-0238

Resolution approving the Pool of Qualified Executive Search Firms to provide recruitment outreach for Senior and Management positions on an as needed basis.

12. Reject all Bids - Contract 8332A - Passenger Loading Bridges and Apron Modifications

No. 05-0239

Resolution rejecting all bids for Contract No. 8332A, Passenger Loading Bridges and Apron Modifications, and authorizing the Director to re-bid this contract when ready.

Commissioner Ito noted that while the bids were double our projected costs, the two bids were almost the same.

Mr. Eavis said that those two bids were from Thyssen and Inet. One third of the work on the Inet bid is being done by Thyssen. The one is the major subcontractor for the primary bid ... it's just switched around. In reality, it's only one bid.

We are going to break this work up. We may not even place these bridges in the same place as stipulated in this contract. Since USAir moved out yesterday, we may put the A380s in A-1, A-3 and A-5. We are going to have to put jet bridges there anyway so we might as well put the A380s in there.

Neither of these companies has any experience doing the ground work ... driving the piles and doing the support structures and they weren't getting help from any of the local companies because they wouldn't give the local companies prices on the jet bridges that were competitive.

It is better to rebid the contract and segment the work out.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 3:00 P.M.


Jean Caramatti
Commission Secretary

MACKENZIE & ALBRITTON LLP

ONE POST STREET, SUITE 500
SAN FRANCISCO, CALIFORNIA 94104

TELEPHONE 415 / 288-4000
FACSIMILE 415 / 288-4010

November 23, 2005

San Francisco Airport Commission
San Francisco International Airport
San Francisco, CA 94128

Re: Verizon Wireless Objections to Business Terms for Cellular Leases

Dear Members of the San Francisco Airport Commission:

We are writing to register the strenuous objection of our client Verizon Wireless to the prospective business terms for cellular leases at San Francisco International Airport ("SFO") proposed by the Revenue Development & Management Department ("Revenue Staff"). The proposed increase to 435% of current rent cannot be justified when compared to rents charged by other national airports and in light of the decrease in SFO passengers since cell rents were negotiated five years ago. Equally unacceptable, the proposed maximum three-year term will immediately endanger planned enhancement of cellular services to the airport. Together, these proposed business terms threaten the continued quality of cellular service at SFO.

Proposed Quadrupling of Rent Cannot be Justified

The Revenue Staff's proposal would more than quadruple annual rent, from \$68,900 to \$300,000. Even by admission of the consultant hired to study rents for SFO, the proposed rents will be higher than any airport in California and arguably the country. As a gesture of good faith, Verizon Wireless voluntarily provides, in attached Chart 1, the current rents it pays at Hartsfield in Atlanta ("ATL") and at the Dallas/Fort Worth Airport ("DFW"). Cellular leases for each of these large hub airports were negotiated recently and represent a combination of cell sites and DAS systems. Added to Chart 1 are the "CY2004 Boardings" as reported by the FAA. The FAA ranks ATL with the highest boardings of any airport in the country. DFW is ranked fourth and SFO is ranked fourteenth. As Chart 1 clearly discloses, the rents proposed by Revenue Staff greatly exceed those charged by significantly higher ranked airports with nearly double and triple the boardings of SFO. Using the rents per boarding that Verizon Wireless is currently paying at ATL and DFW, the equivalent rent for SFO, based upon the FAA CY2004 Boardings statistics, would be \$76,000/year and \$100,000/year, respectively.

It is also important to note that the proposed increase comes at a time when FAA statistics show that SFO passenger boardings have, in fact, declined by twenty percent (20%) since SFO cell site rents were set by this commission in 2000. Chart 2 shows the meteoric increase in Verizon Wireless cell site rents at SFO as compared to the serious decline in boardings since 2000.

By the Revenue Staff's own admission, the proposed rent is an attempt to recoup lost payphone revenue. Those dollars were associated with a long-gone, monopolistic telephone era that bears no relation to today's competitive wireless industry. As the consultant report prepared for Revenue Staff reveals, airports that seek to extract excessive rent from cellular providers, such as Toronto and Los Angeles, can, in the end, result in little or no revenue and poor service. Through these negotiations, Verizon Wireless has offered to increase its annual SFO rent to

Page 2

175% of that which it is paying today. The staff proposal to charge more than four times current rent is simply gouging, and has no economic justification.

A Short Lease Term Would Inhibit Service

In response to industry concerns, staff wisely agreed to abandon an earlier proposal to replace the current, campus-style rent structure with an unworkable methodology for calculating cell site rents based upon call carrying capacity. Unfortunately, staff's current proposal to limit lease terms to three years (or possibly two in the case of Verizon Wireless¹) would eliminate the positive effects of the campus-style rent structure.

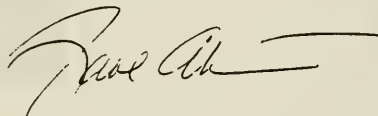
The benefit of a campus rent is that it encourages carriers to expend capital to provide the best, state-of-the-art service to SFO customers. Under this structure, some carriers have expanded to five and six sites on SFO property, while Verizon Wireless intends to add a third site within the next year, a project that may be endangered by these negotiations. The error in Revenue Staff's logic is that no carrier will be willing to invest and enhance services at SFO when the period for amortizing their investment is limited to two or three years. By imposing such a short lease term, the Commission would ensure that SFO will not be competitive with other airports in advanced cell phone technologies -- technologies that are now driving the market -- including data, text messaging, photos, video, music, and interactive services.²

* * *

In the interest of the traveling public, which now relies on cellular services to remain in touch with business and family, in the interest of safety and homeland security, which increasingly depend on reliable wireless services, and in the interest of the airport's future competitiveness, we respectfully ask that you provide carriers a minimum of a five (5) year term to extend their leases at SFO, and that rents be competitively established in comparison to similarly ranked airports.

Thank you for considering Verizon Wireless's position in these negotiations

Very truly yours,



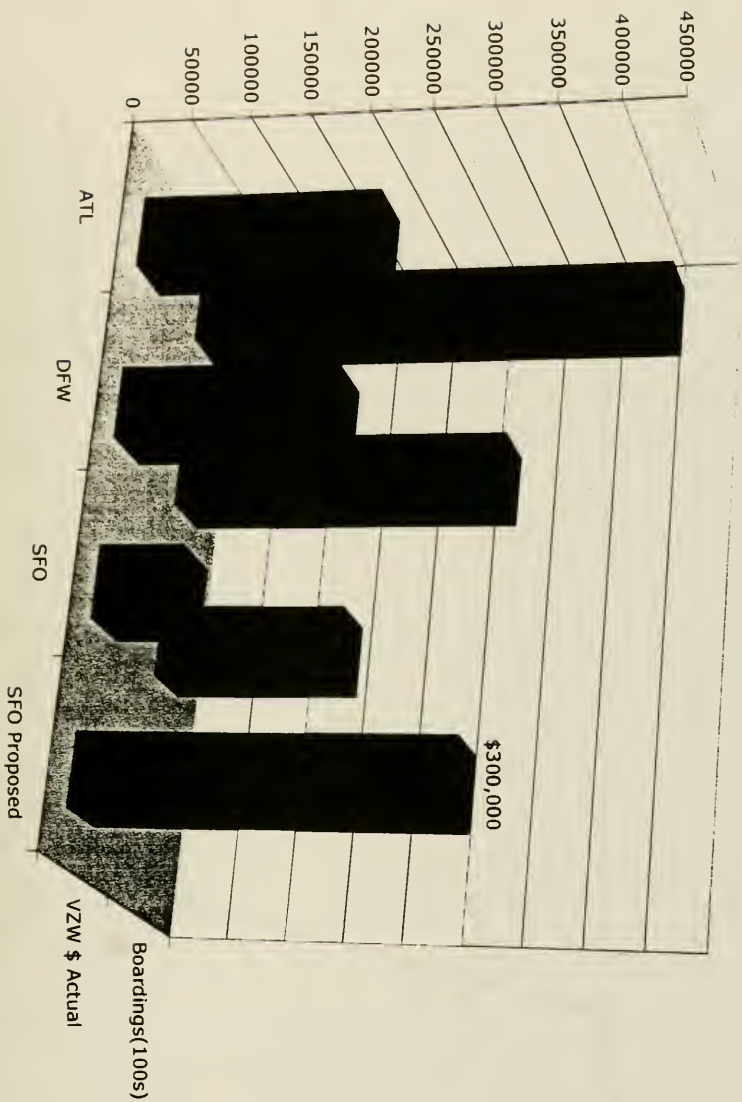
Paul B. Albritton

Enclosure

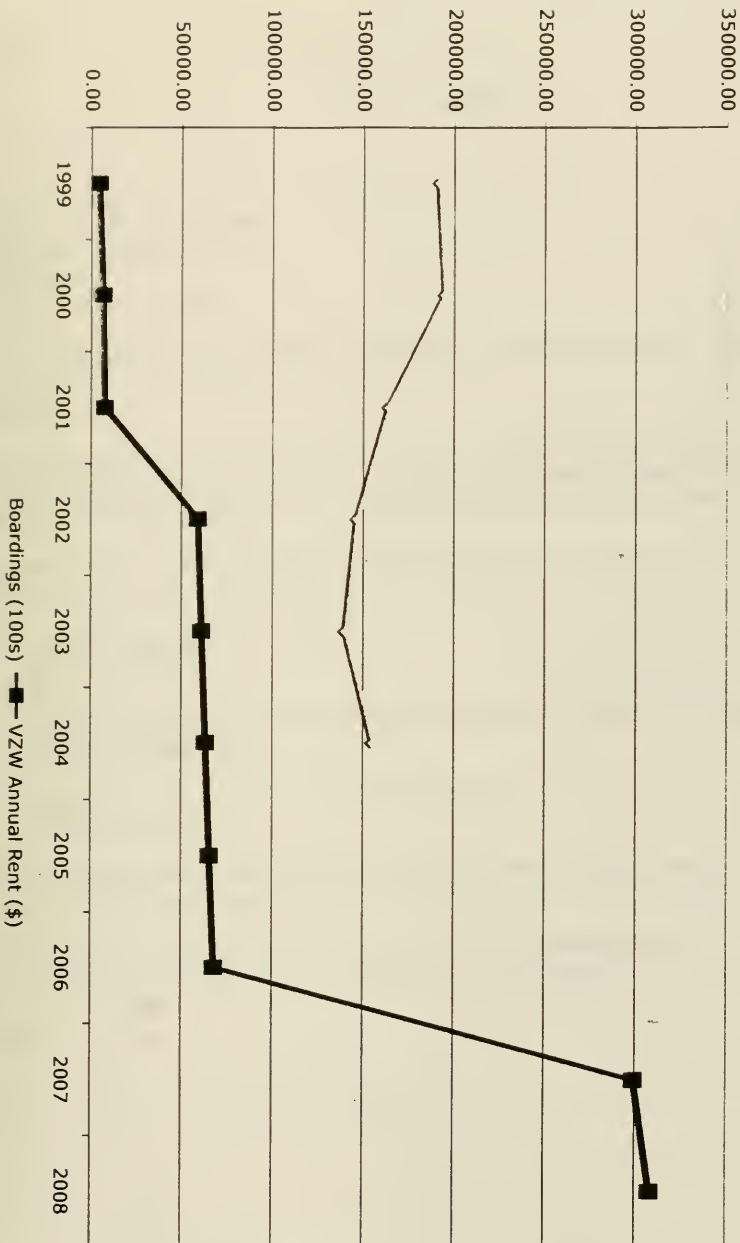
¹ The current Verizon Wireless SFO lease does not expire until January 2007. Revenue Staff proposes that all cell site leases expire December 31, 2008.

² Carriers have yet to be invited to participate in the creation of any new Distributed Antenna System ("DAS") at SFO. It is extremely unlikely that any such system can be built in the short time frame suggested by Revenue Staff, and in any case, the proposed DAS is no excuse for excessive interim rents and an unreasonably short lease term. Verizon Wireless has just completed installation of a distributed antenna system at Oakland International Airport without the massive rent increase to be charged at SFO.

VZW Actual Rent vs. Boardings (100s)



SFO Boardings (100s) vs. VZW SFO Annual Cell Rent 1999-2006 **(2007-2008 SFO Proposed)**



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August 30, 2005

Mr. Gary Franzella
Associate Deputy Airport Director
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128

Re: Current Rental Rates for Wireless Facilities in the City and County of San Francisco

Dear Gary:

At our first meeting you inquired about rental rates for wireless facility leases with the City and County of San Francisco (the "City"). Cingular Wireless mentioned that the City's Department of Real Estate periodically sets rental rates for properties leased by many departments of the City.

Last week the City's Department of Real Estate provided the current three-tiered rent pricing structure for the leasing of wireless facilities as follows¹:

Tier 1 - Microcells:
\$1,900 per month;

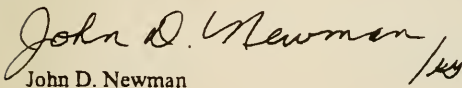
Tier 2 - General Neighborhoods (Such as NC Districts, Geary Street corridor, etc.):
\$3,300 per month; and

Tier 3 - Next to Freeway (such as "Hospital Curve"):
\$5,000 per month.

It is also a matter of public record that dozens of wireless communications leases have been completed over the years by and between wireless providers and various departments of the City.

We are hopeful that this current pricing information helps to meaningfully quantify the parameters for new rental rates which the Airport may wish to consider at this time.

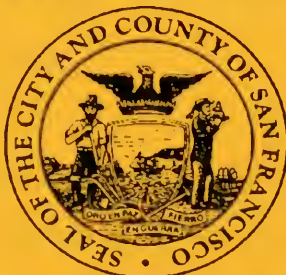
Very truly yours,


John D. Newman

JDN:kg
cc: Amy Brown, Esq.

¹ Pricing as quoted by the City Department of Real Estate through the office of Larry Jacobson. Mr. Jacobson reports annually to the Board of Supervisors on rental rates charged for wireless facilities leases.

SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

December 20, 2005

9:00 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
December 20, 2005

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
A.		CALL TO ORDER:		4
B.		ROLL CALL:		4
C.		ADOPTION OF MINUTES:		
		Special Meeting of December 1, 2005	05-0240	4
D.		DIRECTOR'S REPORTS:		
	1.	MFAC - 2005 Public Managerial Excellence Awards		4-5
E.		ITEMS INITIATED BY COMMISSIONERS:		5
F.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	2.	Award Contract 8368 - Solid Waste Management - So. San Francisco Scavenger Co., Inc.		5-9
	3.	Modification No. 3 to Professional Services Agreement for General Management Services - John F. Brown Co.	05-0241	10-12
	4.	Reject All Bids - Contract 4112 - North and West Fields Drainage Improvements	05-0242	12
G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	5.	Award Professional Services Agreement, Contract 8204.9 - Construction Management Services for Terminal 1 AirTrain Pedestrian Bridge and Mezzanine (Project 5706B) and Terminal 3/International Terminal Boarding Area G Secure Connector (Project 8204) - The Allen Group, LLC, Townsend Management, Inc. & Cooper Pugeda Management, Inc.	05-0243	12
	6.	Select Construction Management Consultant for Parking Access Revenue Control System (PARCS) Project - Contract 8634 - PGH Wong Engineering, Inc.	05-0244	13

7.	Award Professional Services Agreement, Contract 8433.9 - Construction Management Services for Activation of International Terminal Gates A1, A3 & A5	05-0245	13
8.	Modification No. 3 to Professional Services Agreement - Leigh Fisher Associates	05-0246	13
9.	Bid Call - Contract 8255B - Underground Pipeline Replacement - General Aviation Facility	05-0247	13
10.	Rental Credit - D-LEW Enterprises, LLC dba Il Fornaio for Miscellaneous Items	05-0248	13-14
H.	PUBLIC HEARING:		
11.	Amendment to Airport Rules and Regulations Section 1.5.19 - Passenger Enplaning and Deplaning	05-0249	14-15
I.	NEW BUSINESS:		15
J.	CORRESPONDENCE:		15
K.	CLOSED SESSION:		
	Pending Litigation: CCSF v Tutor Saliba		4
L.	ADJOURNMENT:		15

AIRPORT COMMISSION MEETING MINUTES

December 20, 2005

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:03 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

Absent: Hon. Michael S. Strunsky, Vice President

* * *

K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:05 AM and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled CCSF v Tutor-Saliba Corp, et al, U.S. District Court Case No. C02-5286 EDL; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

The Commission reconvened its public session at 9:27 AM. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of December 1, 2005 were adopted unanimously.

* * *

D. DIRECTOR'S REPORTS:

1. MFAC - 2005 Public Managerial Excellence Awards

Report recognizing Jackson Wong as a 2005
MFAC Public Managerial Excellence Awardee.

Mr. John Martin, Airport Director, said that Jackson Wong was the Airport's sole nominee and one of the winners of the Mayor's Fiscal Advisory Committee's Public Managerial Excellence Award. It was well-deserved recognition for his outstanding leadership and organizational skills.

He relies on Jackson day to day for delivering projects and services. Jackson does an outstanding job in bringing people together to get things done. The nomination form specifically recognized Jackson's work in implementing the Food and Beverage Program, especially the construction related work, the security strategic plan, the Airport facility plan and the Airbus 380 plan. These are all areas where we have been leaders in the industry and ahead of the curve.

This is well-deserved recognition.

The Commission extended its congratulations to Jackson Wong.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was put over to the January 24, 2006 special meeting.

2. Award of Contract No. 8368 - Solid Waste Management - South San Francisco Scavenger Company, Inc. - \$5,000,000 for Five (5) Years

Resolution awarding Contract 8368, Solid Waste Management, to the lowest responsive, responsible bidder, South San Francisco Scavenger Company, Inc., in the amount of \$5,000,000 for (5) five years.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance reminded the Commission that this came before them a month and a half ago. At that time the staff recommendation was to reject bids on the contract. The Commission

then asked staff to meet with the contractor to see if an agreement could be reached that would work for both parties.

They took a look at shortening the term of the contract, but once they were in negotiations they realized that since the contract contained so many capitalized costs it would raise the price to a rate that would not make economic sense.

They went back and looked at the \$108.70 fee and determined that it was a very competitive rate. It is probably the lowest rate of any garbage collection contract in this area. The only comparable figure is the \$103-\$134 per ton amount paid by San Mateo County. Most of the other garbage contracts are 50% higher than this.

The contractor has agreed to increase the goal for the recycling portion of the contract from 70% by 2009 to 75% in 2008. That more than meets the State requirements.

The contract comes to about \$800,000 to pick up garbage and an additional \$200,000 for the recycling portion ... buying new compactors, the recycling conveyances that go along with the recycling program ... for a total of \$5 million for five years.

Commissioner Johns understood that our garbage was separated out off-Airport.

Mr. Eavis responded that we will purchase segmented compactors with the additional money. We will also have more locations for tenants to place their garbage. We already have some for food scraps.

Commissioner Johns asked if we had the physical space to do this.

Mr. Eavis responded that we will have the space. These compactors will fit in the same footprint but they will have smaller components to separate garbage at the source. South City will still continue to sort in their main plant.

Mr. Maurice Quillen, Vice President and General Manager, Golden Gate Disposal & Recycling Company, read a statement into the record (see Attachment No. 1).

Mr. Jackson Wong, Chief Operating Officer said that we have been working with the Department of the Environment and this contract will meet all of their requirements. The structure of the contract allows flexibility for any way the City wants us to recycle.

Mr. Martin added that the 75% goal we have for December 2008 would put us one year ahead of the Department of the Environment's goal.

Commissioner Johns expressed concern that Norcal could not bid on this contract because everything was separated off-site. Have things changed that would have allowed them to bid? She is not clear on where we are based on the original RFP and where we are with the agreement we have reached with So. San Francisco.

Mr. Wong responded that the goals were always in the original contract but the

contract was not specific in detailing how to reach the goal in order to maintain an open field for bidding purposes.

Norcal and South City have two different ways of recycling. South City has an in-line system. They take the garbage from the Airport, put it through an assembly line and machines and manpower sort it.

Commissioner Johns said we are changing it.

Mr. Wong responded that we are not. We are adding on-site separation, similar to the way San Francisco residents sort garbage at home using different color bins. Passengers can then recycle their own garbage by utilizing the appropriate bins. Those bins would then be collected and placed in compactors or larger debris box type containers that would be brought back to the plant and source separated.

Commissioner Johns thought that their original letter said that they could not bid on this contract because the Airport does not have on-site sorting.

Mr. Martin explained that we are going to source separation but because of our environment at the Airport where not everyone will place things in separate containers, we are also going to belt operation where all garbage and non-recyclable material goes on the belt and workers pull off items that can be recycled. This was anticipated in the original agreement.

Commissioner Ito said that it sounds like the conditions of the RFP have changed ... that we are going to provide the opportunity to separate some of it.

Mr. Wong said that the original proposal asked interested bidders to propose recycling.

Commissioner Ito argued that we are taking the responsibility to provide the equipment. Isn't that a change? Initially we were asking bidders to provide that and now we are providing it.

Commissioner Mazzola said that the question is that after Mr. Quillen spoke with the Airport he was told that there is not going to be an RFP. Then the Airport entered into negotiations with South City but not with Golden Gate. Perhaps they feel left out of the process. If the RFP changed somewhat, that only adds to it.

Mr. Wong said that there were three bidders ... one bidder only bid recycling, one bid garbage. Golden Gate wrote a letter indicating why they could not bid. South City was the only contractor that actually submitted a price. The Commission instructed staff to negotiate with South City and come up with a recycling formula.

Mr. Doug Button, President, South San Francisco Scavengers, said that they have had multiple contracts over the past 50 years. His company was the first if not the only company for the last 50 years, since the days of Mills Fields, yet the contract comes up every five years. They have always been the lowest

responsive, responsible bidder. Norcal has bid in the past but chose not to bid this time, although they did submit a letter of protest.

The contract was clear; nothing has been changed. It said that the proposer could propose to recycle either by source separation or co-mingled. South City's bid said they would do it any way the Airport preferred. Norcal chose to send a letter of protest that said they can't nor do they want to do it this way and the Airport needs to change things.

It has not been changed. South City is still willing to do it. They have met every established goal. They hope the Airport will give them the opportunity to continue.

Mr. Rob Maerz, Airport General Counsel, said that it was his understanding that Norcal chose not to submit a bid based on their insistence that the recycling goals be met by the Airport through source separation on-Airport. Separate containers needed to be provided for Norcal to meet the goals. That was not consistent with the RFP, which put the onus on the bidder or proposer to come up with a recycling plan. The RFP did not change when the Airport assumed the obligation of doing source separation. Instead, it left it to the proposers to propose the manner in which they would achieve the goal set by the Department of the Environment. South City has done that. They proposed, through negotiation, a system that includes both source separation and in-line separation.

He did not believe that there was any basis upon which Norcal can now say that they have been prejudiced by negotiations that have occurred which have allowed for a refinement of the recycling program to meet the goal.

Commissioner Johns asked Mr. Maerz if he was saying that the original RFP gave the bidder the opportunity to reach the goal through source separation or co-mingled and sorted after, and that Norcal could have submitted a bid that would have achieve the goal.

Mr. Maerz said that was correct.

Commissioner Johns said that South City would attain the 75% goal and they are making some changes agreed to in the negotiations, however, the original RFP has not been changed.

Mr. Maerz agreed.

Commissioner Crayton asked if the changes agreed to in negotiations with South City were previously shared with Norcal.

Mr. Martin responded that Norcal was not party to the negotiations.

Commissioner Mazzola said that we look to our attorney to make sure everything is as it should be. If Mr. Maerz is telling us the playing field is level and everyone had an opportunity to propose, then we need to entertain a motion to accept this item.

Commissioner Johns said that when this first came before the Commission the big issue was that we were not doing sort separation on site. She did not realize at that time that it was possible for the bidders to bid the contract in that way. She thought something had to be changed and that is why the Commission did not vote on it. She remembered commenting at the previous meeting that she was surprised, given the new Food and Beverage Program, that we had no means of doing sort separation.

She wants to be assured that nothing is being changed and that the playing field remains level.

Mr. Maerz said that it is a policy call for the Commission to decide whether or not the Airport will assume the obligation of sort separation or whether they will prefer to have that done by the garbage company and recyclers. The Commission can elect to reject all bids and decide that it would rather assume the obligation of sort separation, similar to what is done in residential pick-ups, and put out a new RFP. It is his understanding that that was not the direction to staff. Instead, it was decided to go with the original RFP which placed the obligation on the recyclers.

Commissioner Johns said that the recyclers have agreed to the sort separation on-site.

Mr. Martin said that we have worked out a plan where we are funding, as part of the contract, the additional bins that allow us to do sort separation. Our custodians will handle it.

Mr. Eavis said that the Airport is going to buy the equipment as replacement equipment; the contractor is not going to provide the equipment. It was always our intention to replace equipment as necessary. Some of the compactors will remain unit compactors and will still need to be sort separated. That has not been changed. The new equipment will be compacted and will allow for better recycling.

Mr. Wong went to Norcal before the Commission directed staff to renegotiate with South City. Negotiations commenced with South City when the Commission directed staff not to reject bids and, instead, take a look to see if this contract could be saved with the one bidder.

Commissioner Ito remembered feeling strongly about the bidder complying with recycling on site. We were thinking about shortening the contract to give them the opportunity to reconfigure what they can do without reducing that \$108 per ton fee.

She is not comfortable with what she is hearing.

Mr. Quillen presented a document (attachment No. 2) wherein they asked a question as part of the RFP process. It is question no. 4 of the document.

- Q. Will the Airport provide for source separation for compost materials? If there is no space for separate bins for composting, how about in the

future? Why has the Airport chosen not to pursue source separated food waste?

- A. No. The Airport, due to security, operational and facility restrictions, does not have the space for separate composting bins at this time and is not able to provide separation or separate bins for on-site composting. The contract specifies that the contractor is to propose an off-site composting program. In the future, separate bins for food waste may become possible at the Airport.

Commissioner Crayton asked when this question was asked.

Unidentified speaker said that the response was in a July 19 fax from the Engineering Department so the question was probably asked about July 15.

Mr. Quillen said that he was reading from the record that there would be no provisions for source separation. The question and the Airport's statement could not have been any clearer. This contract was negotiated after the fact with South City Scavengers and at that point Norcal felt wronged. If there was to be an open negotiation there should have been an RFQ issued and qualified bidders should have presented proposals. This was a lump sum bottom dollar bid and in those situations there is no latitude for trying to do something out of the ordinary.

Mr. Martin said that this is a new subject for discussion ... food waste, as opposed to source recycling such as metal, paper and plastic.

Mr. Eavis said that we are still not composting food waste. It is going to have to be done somewhere else. We are not composting at the Airport under this contract or any contract.

Commissioner Mazzola noted that Mr. Eavis said earlier that we would be getting new bins.

Mr. Eavis said that the bins would be to put food in, not to compost.

Commissioner Mazzola suggested holding this item for the next meeting and asked Mr. Maerz to respond to the protest.

Mr. Martin asked that the item be held over to the second meeting in January so that Commissioner Strunsky could be present.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

3. Modification No. 3 to Professional Services Agreement for General Management Services - John F. Brown Company - Not-to-Exceed \$125,000

No. 05-0241

Resolution approving Modification No. 3 to
Professional Services Agreement with John F.

Brown Company in an amount not-to-exceed \$125,000 for 1) financial planning and analysis for rates and charges calculations, and 2) review of advanced aviation technologies regarding their potential to provide operational efficiencies and capacity improvements for arriving aircraft at SFO.

Mr. Ivar Satero, Deputy Director, Planning, Design and Construction requested Commission approval of Modification No. 3 to the Professional Services Contract with John F. Brown Co. for additional scope related to financial planning and analysis and review of advanced aviation technologies.

In 2004, through a competitive process, the Airport established a pool of qualified Airport Management consultants to provide support to staff in various areas of airport management and planning. The Commission awarded a three-year contract with the John F. Brown Company for \$475,000 to provide as-needed professional services in several areas, including strategic planning.

This modification will provide support to the Airport in two key areas: Financial Planning and Analysis for Rates & Charges calculations and Review of Advanced Aviation Technologies.

Regarding the Financial Planning and Analysis scope of work, the Airport continues to pursue efforts to achieve cost recovery in all of the various cost centers. We anticipate requiring consultant support on an as-needed basis to review and validate our cost analyses of various fees and charges as well as for fine tuning and checking our rates and charges models and calculations. Also, we anticipate the need for additional research, including surveying the fee levels and cost recovery percentages for various charges at other airports. We may also require assistance in determining PFC eligibilities for capital projects and verifying that PFC revenues are properly applied and consistent with Federal regulations.

Regarding the scope related to Advanced Aviation Technologies review, the originally proposed consultant team included the subconsultant Advanced Aviation Technologies Company, or, ATAC. ATAC specializes in Airport/airspace planning and, under Modification No. 2 to this contract completed the review of the effectiveness of PRM-SOIA in reducing delays at SFO. The Airport wishes to expand on this work by providing a review of the entire field of advanced aviation system technologies, including in-use and in-development programs. They will produce a report evaluating the entire field of airspace/airfield technologies and develop a list of technologies which may provide arrival/departure capacity improvements for airfields with closely spaced runways, similar to SFO. They will then further evaluate these technologies to determine which ones may provide benefit to SFO, based on SFO's existing configuration and operational characteristics. Upon completing their evaluation, ATAC will prepare a report of their findings and provide a briefing to the Commission. The study will take approximately six weeks to complete.

For both tasks, the consultant will be reimbursed on an hourly basis, with a not-to-

exceed amount of \$125,000.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Reject All Bids - Contract 4112 - North and West Fields Drainage Improvements

No. 05-0242

Resolution approving the rejection of all bids for Contract No. 4112, North and West Fields Drainage Improvements, and authorizing the Director to re-bid when ready.

Mr. Eavis explained that this item will add pumps and drainage into the North and West Field systems. The contract, as it was bid, put a large pit in the North Field where rain water would gather and be pumped out. It's very difficult to build something like that this time of year and that is why the prices came in so high. We are asking the Commission to reject bids so we can reconfigure the contract and purchase the pumps and other drainage equipment now but wait until the summer months to put in the large sump area where the pumps will pump out water. This will reduce the amount of shoring required and the risk involved, and, hopefully will give us more bidders on the project. This FAA-funded project came in approximately 30% over budget. We would have to have very good reasons for awarding a contract that much over budget.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 10, was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

5. Award Professional Services Agreement, Contract 8204.9 - Construction Management Services for Terminal 1 AirTrain Pedestrian Bridge and Mezzanine (Project 5706B) and Terminal 3/International Terminal Boarding Area G Secure Connector (Project 8204) - The Allen Group, LLC, Townsend Management, Inc., & Cooper Pugeda Management, Inc. - \$800,000

No. 05-0243

Resolution awarding Professional Services Agreement, Contract 8204.9, Construction Management Services for Terminal 1 AirTrain Pedestrian Bridge and Mezzanine (Project 5706B) and Terminal 3/International Terminal Boarding Area G Secure Connector (Project 8204) to The Allen Group, LLC, Townsend Management, Inc., & Cooper Pugeda Management, Inc., with an initial budget of \$800,000 for services through December 31, 2006.

Commissioner Crayton asked who are Townsend and Associates.

Mr. Satero responded that they are a fairly new construction management company whose employees came from Turner Construction and The Allen Group. They provide construction managers, resident engineers and inspectors.

Commissioner Crayton asked for the name of the principal.

Mr. Martin said that this is not Marsha Townsend who many years ago had a concession at the Airport.

6. Selection of Construction Management Consultant for Parking Access Revenue Control System (PARCS) Project - Contract 8634 - PGH Wong Engineering, Inc.

No. 05-0244 Resolution approving selection panel's nomination of PGH Wong Engineering, Inc., for Construction Management Services for the Parking Access Revenue Control System (PARCS) Project.

7. Award Professional Services Agreement, Contract No. 8433.9 - Construction Management Services for Activation of International Terminal Gates A1, A3 & A5 - URS/ECS, A Joint Venture - \$500,000

No. 05-0245 Resolution awarding Professional Services Agreement, Contract No. 8433.9, Construction Management Services for Activation of International Terminal Gates A1, A3 & A5, to URS/ECS, A Joint Venture, with an initial budget of \$500,000 for services through December 31, 2006.

8. Modification No. 3 to Professional Services Agreement - Leigh Fisher Associates - \$35,000

No. 05-0246 Resolution approving Modification No. 3 to Leigh Fisher Associates's existing contract to prepare the Parking Management Contract RFP for a total not to exceed amount of \$35,000.

9. Bid Call - Contract 8255B - Underground Pipeline Replacement - General Aviation Facility

No. 05-0247 Resolution approving the scope, budget, and schedule for Contract 8255B, Underground Pipeline Replacement - General Aviation Facility, and authorizing Director to call for bids when ready.

10. Rental Credit of \$15,452.65 to D-LEW Enterprises, LLC dba Il Fornaio for Miscellaneous Items

No. 05-0248

Resolution approving a rental credit to D-LEW Enterprises, LLC dba Il Fornaio for miscellaneous items.

Commissioner Johns asked if this item would have come before the Commission if the bill had been paid directly.

Mr. Martin said that it would not. Nor would it have come before the Commission if the rental credit had been under \$5,000.

* * *

H. PUBLIC HEARING:

The Public Hearing was convened at 10:07 AM and adjourned at 10:10 AM, there being no requests to speak from the public. Item No. 11 was moved by Commission Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

11. Amendment to Airport Rules and Regulations Section 1.5.19 (Passenger Enplaning and Deplaning)

No. 05-0249

Resolution approving a proposed change to Section 1.5.19 of Airport Rules and Regulations to delete restriction of propeller-driven aircraft to a commuter terminal.

Mr. Gary Franzella, Associate Deputy Director, Business and Finance said that we are seeking an amendment to the Airport's Rules and Regulations, Section 1.5.19, specifically the elimination of one sentence which prohibits propeller-driven aircraft operations at our gates. This provision was put in place in February 2000. We have historically operated propeller-driven aircraft at our terminal gates. About a month ago, United Airlines approached us with the desire to consolidate their express operations, which operate from a remote terminal, into Gates 76 to 79 in Boarding Area F.

We have reviewed the suggestions. There are some trade-offs from our perspective ... a loss of rent of about \$323,000 per year at the current terminal location. There is also a food and beverage operator who has just recently opened up operations under a new lease at the remote terminal and we would have to enter into lease termination negotiations. We have an understanding and commitment from United that they would keep us whole on any costs related to the termination of that lease. We have initiated those initial discussions with the concessionaire.

When we looked at the entire process we felt that there are significant benefits to passengers. Today about 1,600 passengers walk to the end of Boarding Area F to Gate 87, go down a stairwell, get on a bus and drive across the airfield to board their aircraft. This would preclude that from happening any longer.

Our target date of consolidated operations is February 1, 2006. Though not quite completed our review has been thorough and we are confident that we are at a point where we can conclude that we can have a safe and secure operation of propellor aircraft at these specific gates.

Mr. Martin said that the Operations staff is still reviewing the aircraft layout plan and Mr. Franzella is negotiating the business terms. If all goes as anticipated, United will begin operation in Terminal 3 in the first week of February.

Commissioner Ito asked who the concessionaire is.

Mr. Franzella responded that it is Sam Shahedah, Deli-Up.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:11 AM.


Jean Caramatti
Commission Secretary



People • Service • Environment

GOLDEN GATE DISPOSAL & RECYCLING COMPANY

December 20, 2005

President Larry Mazzola and Honorable Members of the Airport Commission, Mr. Michael Strunsky, Ms. Linda S. Crayton, Ms. Caryl Ito, and Ms. Eleanor Johns.

Reference: Agenda Item F 2 "Award of Contract No. 8368"

Introduction:

This letter is written on behalf of Golden Gate Disposal & Recycling Company to formally object to the award of a five-year solid waste management contract to South San Francisco Scavenger Company.

Background:

On July 28, 2005, we submitted a letter to the members of this Commission (copy attached), identifying why we were unable to bid on the published RFP. It was our company's belief that the San Francisco Airport's RFP was not consistent with the recycling practices and diversion mandates established by the City of San Francisco. Additionally, there were several provisions within the RFP, which provide serious impediments for any hauling company, other than the existing contract hauler, to respond. Given our firm's expertise, it was determined that the recycling requirements set forth in the RFP could not be properly attained based on the limitations associated with the current methods of handling the waste stream.

Our letter stimulated a significant amount of concern and attention by Airport staff of which we are sincerely appreciative. During the months that ensued, we had the opportunity to discuss our concerns related to the inherent restrictions present in the RFP and the flaws associated with the Airport's proposed method attaining diversion. During this time my staff and I suggested alternatives relating to the total scope of the RFP with an interest in increasing recycling at the Airport. The Airport staff took significant time to tour the Norcal facilities in San Francisco currently implementing recycling programs desired by the Airport, but unaddressed in the RFP. Staff also toured the Oakland International Airport's recycling program, under the management of Norcal Waste Services of Alameda County, and talked to Oakland Airport officials.

During our discussions with the Airport staff it was our understanding that staff would begin the process of pursuing a recycling program similar to what the Port of Oakland had done at the Oakland Airport. It was additionally understood that the San Francisco Airport would enlist the help of the San Francisco Department of the Environment to consultant on the proper implementation of a recycling program at the San Francisco Airport. Based upon the afore mentioned statements, the Airport staff, told us directly

that they would not be pursuing the RFP as issued and would be recommending a contract extension of the current contract term of 1 year.

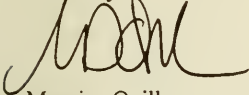
The extended contract term was to provide additional time to reissue a new RFP that would be more in line with the City's goals to attain 75% recycling by 2010, and to allow the Airport staff and the Department of the Environment to produce a new RFP or possibly an RFQ that would be in alignment with City's recycling programs. Additionally, the Department of the Environment expressed concern over the restrictive provisions in the current RFP, before you, that ultimately limited the number of viable bids to one service provider.

Conclusion:

Our company is disappointed to see that the current Staff's recommendation is for a five-year contract. The Staff's recommendation goes completely against what the Airport staff had initially indicated would happen. Respectfully, we would like to see the 1-year contract reconsidered. The City of San Francisco is mandating by 2010, a 75% diversion rate. The 75% diversion rate can more realistically be achieved if the Commission has more options to evaluate than were produced as a result of this RFP process.

Thank you for your time and consideration in this matter.

Sincerely:

A handwritten signature in black ink, appearing to read 'Maurice Quillen', written over a horizontal line.

Maurice Quillen
VP and General Manager

Cc: San Francisco Mayors Office
Department of the Environment



